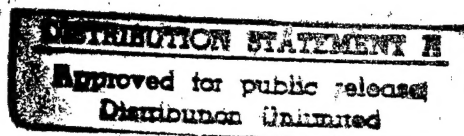


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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 52

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13 January 1983

USSR REPORT

CONSUMER GOODS AND DOMESTIC TRADE

No. 52

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

ALL-UNION LIGHT INDUSTRY SEMINAR HELD IN SVERDLOVSK

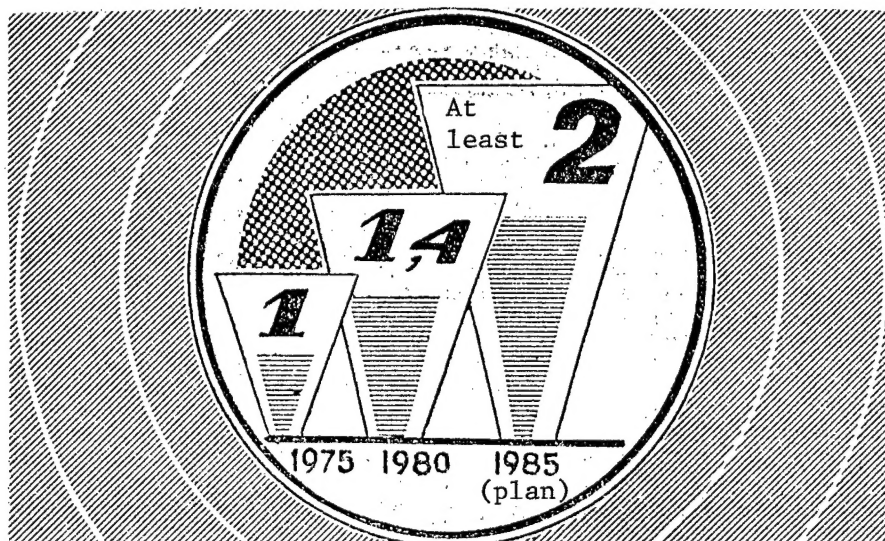
Consumer Goods Situation Outlined

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 1






[Text] The broad socioeconomic program for the further rise of the prosperity of the Soviet people, adopted by the 26th CPSU Congress, calls for expanded production and improved quality of industrially produced consumer goods. Over the 5-year period the output of consumer goods in the industrial sector (Group B) will rise 26.2 percent, and the absolute growth of their production will reach 44.2 billion rubles, against an increase of 29.1 billion rubles in the 10th Five-Year Plan.

The 5-year plan calls for a 1.4-fold increase in the output of durable consumer goods and housewares and for improvement of their assortment and quality. As the diagram shows, the volume of their production in 1985 will exceed the 1975 level by more than twofold. Even in the first year of the 5-year period the output of these goods per family was 580 rubles.

Growth of Production of Durable Consumer Goods and Housewares (1975 = 1)



Supply of Durable Consumer Goods Relative to Population (at the end of the year; number of units)

Per 100 Families		1970	1975	1981
	Timepieces	411	455	527
	Television sets	51	74	90
	Refrigerators	32	61	90
	Washing machines	52	65	69
	Sewing machines	56	61	65

The supply of durable consumer goods relative to population is increasing. In 1981 there were 527 timepieces for every 100 families, 90 television sets, 27 tape recorders, 90 refrigerators, 69 washing machines, 31 vacuum cleaners and 65 sewing machines.

In addition to the branches of light industry, the branches of heavy industry are now being called upon to make a large contribution to the production of consumer goods.

The initiative of collectives of enterprises, associations, ministries and soviets of people's deputies has very great importance to full satisfaction of consumer demand. The experience of party organizations and work collectives in their effort to increase production, expand the assortment and improve the quality of consumer goods was summarized at an all-union seminar recently held in Sverdlovsk.

Data on Seminar Given

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 7

[Text] In June 1981 the CPSU Central Committee approved the initiative of collectives of progressive enterprises and associations of the city of Moscow and of Sverdlovsk Oblast to increase the production of consumer goods. The number of followers of the people of Moscow and Sverdlovsk has increased many times over in the past year. Definite construction experience has been acquired, and new problems have arisen.

An all-union seminar held 7-9 July in Sverdlovsk was devoted to the practical effort of party organizations and work collectives to increase the production,

expand the assortment and improve the quality of consumer goods. The participants included secretaries and division chiefs of central committees of the communist parties of the union republics, secretaries of party kraykoms, obkoms, gorkoms and raykoms and of party committees, responsible officials of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and Kom-somol Central Committee, USSR Gosplan and the gosplans of the union republics, senior officials of a number of USSR and RSFSR ministries and departments, and directors of enterprises and associations.

The seminar was opened by Ye. Z. Razumov, deputy chief of the department for party organization work of the CPSU Central Committee. F. I. Mochalin, chief of the department of light and food industry of the CPSU Central Committee, then spoke. Reports were presented by B. N. Yel'tsin, first secretary of the Sverdlovsk Party Obkom, and L. A. Borisov, secretary of the Moscow Party Gorkom, along with a number of communications from representatives of union republics, oblasts, cities and leading enterprises. B. I. Gostev, chief of the division of planning and financial agencies of the CPSU Central Committee, delivered the concluding address.

Mochalin Speech

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 7

[Address delivered at the seminar by F. I. Mochalin, chief of the division of light and food industry of the CPSU Central Committee: "The Output of Goods for the People is a Party Concern"]

[Text] A broad program for a further rise of the people's well-being was advanced at the 26th CPSU Congress. All aspects of the life of the Soviet people were touched upon in it--consumption and housing, culture and recreation, and living and working conditions.

"Specific concern about the specific person, about his needs and requirements--those are the alpha and omega of the party's economic policy," Leonid Il'ich Brezhnev said in his address delivered at the 26th party congress. "I mention this in order to emphasize once again a simple, but very important idea: the production of goods for the public, development of the service sphere--this is the first order of business for the party. It is that attitude which needs to be brought to it."

Over the first 1.5 years of the 5-year period there has been a substantial increase in the production of consumer goods. The supply of many goods to the public, especially durable goods, has improved.

It can be said that we have managed to achieve definite constructive results. But if we undertake to evaluate the results with a high degree of exactingness, then it must be admitted that the level of the effort of many ministries and departments and indeed even party committees to expand the production of goods for the public does not as yet altogether meet the directives of the 26th CPSU Congress and the higher requirements of the Soviet people.

Under a Full Load

In the context of the intensification of production the question of maximum utilization of the production potential that has already been built in the national economy is taking on particular significance. We have experience in efficient utilization of existing capacities to augment the production of consumer articles. This is indicated by the example of the people from Moscow and Sverdlovsk. But that kind of responsibility is not being displayed toward the effort everywhere. For instance, last year the capacity of textile enterprises for manufacturing cotton fabrics was utilized at a level of 65 percent in Uzbekistan, 73 percent in Azerbaijan, and just over half in Kirghizia and Georgia. Under full load they could have manufactured an additional 300 million square meters of fabrics. A similar situation is encountered at a number of knitwear, footwear and garment enterprises.

Much of the shortfall of output is occurring because of slowness in attaining rated capacity at new plants, because of long downtime of equipment and because of work time losses. Rated capacity has not yet been attained in manufacturing fabrics at the Tyumen Worsted Cloth Combine, Shakhta Cotton Combine, and Soroki Knitted Outerwear Factory, which were put into operation during the last 5-year plan.

The enterprises of heavy industry can increase their contribution. The share of their products now exceeds half of the output of all nonfood goods. USSR Minelektrotekhprom [Ministry of Electrical Equipment Industry], Minstankoprom [Ministry of Machine Tool and Tool Industry], and Minstroy materialov [Ministry of Construction Materials Industry] and a number of other ministries are expanding their production. At many industrial giants, for example, ZIL [Moscow Motor Vehicle Plant imeni I. A. Likhachev], Uralmash, the Novomoskovsk Pipe Plant, up-to-date specialized production operations have been created for the manufacture of goods which are in great public demand.

The defense industry has taken a businesslike attitude toward the appeal to develop the production of durable consumer goods and housewares. All enterprises in that industry have become practically involved in this. At the present time a sizable number of television sets and radios, refrigerators, motorcycles and motor scooters, bicycles, washing machines and many other goods are being made by defense plants.

But far from all enterprises of machinebuilding branches are utilizing their capabilities. For instance, in Minzhivmash [Ministry of Machinebuilding for Animal Husbandry and Fodder Production], Minsel'khoz mash [Ministry of Tractor and Agricultural Machinebuilding], Minenergomash [Ministry of Power Machinebuilding], Mintyazhmash [Ministry of Heavy and Transport Machinebuilding], USSR Mintsvetmet [Ministry of Nonferrous Metallurgy], Minkhim mash [Ministry of Chemical and Petroleum Machinebuilding], Minstroydormash [Ministry of Construction, Road and Municipal Machinebuilding], USSR Minchermet [Ministry of Ferrous Metallurgy], and USSR Minneftekhimprom [Ministry of Petroleum Refining and Petrochemical Industry] the production of durable consumer goods and housewares comprises only 1-3 percent of the total volume of output.

There is a need to overcome definitively the attitude still encountered in some places which treats the production of consumer goods as something of second importance. And the first thing that needs to be done is to ensure unconditional fulfillment of planning targets for their production by all ministries, departments, associations and enterprises and to make up the time that has been lost.

The Quality Should Be Excellent

It is quite natural that as the population's standard of living rises and the market is more fully supplied, demand shifts to original, fashionable and better-quality goods. But it has to be admitted that so far there have been no radical shifts in satisfying demand. The share of products bearing the Quality Emblem remains low in the production of the overwhelming majority of consumer goods.

Every year trade organizations return to enterprises about 10 percent of the fabrics and footwear and sewn garments which have been checked so that they may be repaired and downgraded. Many television sets, radios, refrigerators, washing machines and other durable consumer goods and housewares are also the subject of a large number of claims and demands for repairs under warranty. Because of the poor quality of goods a substantial portion of them remains in warehouses and depots. Every year sizable funds go for price reductions.

Not only the collectives of industrial enterprises producing consumer goods, but also personnel in agriculture, chemical workers, machinebuilders, and design, project planning and scientific research organizations must be mobilized in the effort to improve in every way the quality and assortment of consumer goods. In short, everyone related to that work.

Head industrial ministries which bear direct responsibility for the state of development of production of the goods in question, including full satisfaction of the population's need for them, are called upon to play a crucial role. If they are to actually perform this task, they need to have a perfect mastery of the conditions on the market both today and tomorrow, they must regularly renew the assortment, and they must have staffs of experienced industrial designers.

Industrial ministries have been granted the right to open manufacturers' outlets to study and shape demand and to sell their products. This creates broad opportunities for enterprises. It is a question of making full use of them.

From Local Resources

Economical and optimal use of raw materials and supplies is a very important way of increasing the production of consumer goods. However, there are quite a few cases where they are used uneconomically. For example, a thrifty attitude is not taken toward raw materials and finished products at a number of enterprises in the textile industry. In that industry more than 15 million meters of fabrics over and above the allowance go into seconds every year because they do not meet weight and size specifications.

Among the urgent measures we should single out reduction of the consumption for technical purposes of fabrics of natural fibers, vegetable oil and other natural raw materials, which can be replaced by man-made materials without loss to quality. This problem has long been on the agenda.

The question of putting to economic use local raw materials and production waste deserves the most fixed attention of party, soviet and planning authorities.

Last year the volume of output from local raw materials and production waste was approximately one-tenth of the entire volume of production at enterprises of ministries of local industry of the union republics. The share of such products was slightly higher in the local industry of Belorussia, Georgia and Latvia. Nor was performance poor in Karelian ASSR, Altay Kray, Voronezh, Kostroma and Saratov Oblasts. But there are also quite a few stragglers where recordkeeping on waste has not been properly set up, and where the procedure for its distribution has not been established. As a result much metal, chemical products, wood and other materials are not being recovered for the production of goods, but are going to waste.

The experience of a number of republics and oblasts in building small branches of existing enterprises in small cities and settlements deserves attention. This approach makes it possible to increase efficiency and speed up the return on capital investments, as well as to bring additional labor resources into social production. This effort has been developed most broadly in UzSSR, ArSSR and LaSSR. In Uzbekistan 15 branches of cotton enterprises have been designed, built and put into operation in less than half the time allowed. They have furnished a sizable additional output of yarn and fabrics. In Armenia the construction of branches made it possible during the last 5-year period to increase the output of light industry more than 1.5-fold. It is also worthwhile to take over this know-how in other places.

Initiative of Soviets

The importance of the activity of soviets of people's deputies in performing the task of increasing the production of varied consumer goods and improving their supply to the public is growing. They have broader rights and opportunities for exerting a vigorous effect on the activity of all enterprises located in the respective area.

Local soviets have the right to establish summary plans for the output of consumer goods, and they are permitted to use for local needs a portion of the above-plan output of those goods. Another important thing is that the local budget has been tied more directly to the performance of enterprises.

One can note with satisfaction that many soviets have begun to be more actively concerned with the operation of enterprises in manufacturing consumer goods. That is the situation in Moscow and the Moscow region and Sverdlovsk, Rostov, Dnepropetrovsk, Novosibirsk, Saratov, Kamchatka and other oblasts.

But by no means is a real effort being made everywhere to solve these problems. One need go no further than the results for 1981 to find evidence of this. In RSFSR production plans for the production of consumer goods were not fulfilled in 49 autonomous republics, krais and oblasts. And in a number of oblasts--Arkhangelsk, Smolensk, Belgorod, Orenburg, and Perm--their output in 1981 was even smaller than in 1980.

We would like to especially emphasize the role and responsibility of soviets of people's deputies in the development of local industry. It is gratifying that it has begun to develop more rapidly in recent years. The natural conclusion is that where a motivated approach is taken to the job, the results achieved are fairly good.

Development of at-home forms of the organization of work is creating additional opportunities for increasing the production of consumer goods. In the local industry of Russia about 100,000 persons are working at home--17 percent of the entire work force in the branch. A considerable effort has been made to use the work of homeworkers in Chuvash and Bashkir ASSR's, Stavropol Kray, Vologda, Orenburg, Lipetsk, Kirov, Moscow and a number of other oblasts. In the system of the BSSR Ministry of Local Industry 12,000 persons are working at home; 13 specialized combines have been set up there. The operation has been set up fairly well in Azerbaijan, Tajikistan, Lithuania and Latvia. But there are republics and oblasts where development of the cottage industry has not yet been paid the importance it deserves.

Every opportunity must be used to expand the production of goods and to saturate the market with them and to enlist all branches of industry and all enterprises and associations in this effort.

Address by B. N. Yel'tsin

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 8

[Address by B. N. Yel'tsin, first secretary of the Sverdlovsk Oblast Committee of the CPSU: "The Search for Internal Potential Is Continuing"]

[Text] Nine comprehensive target programs for key problems of economic and social development have been drafted for this 5-year period in our oblast and are being successfully carried out. They include a program for the production of consumer goods. That portion has been specifically identified which calls for increasing the output of durable consumer goods and housewares by virtue of intensive factors and by seeking out additional unused potential.

In Accordance With Target Programs

When the program was drafted, a study was made of the capabilities of practically all the oblast's enterprises and organizations. The practice was introduced of defending the target programs of enterprises in party gorkoms and raykoms and in city and rayon ispolkoms, and the city and rayon programs in the obkom and oblispolkom.

This procedure makes it possible to evaluate capabilities of enterprises more exactly and to activate additional unused potential. For instance, originally the program of the Sinarskiy Pipe Plant called for an increase of only 10 percent over the 5-year period in the production of durable consumer goods and housewares. The proposal was rejected with good reason when it was defended. It was proposed to the plant's party committee and management that they make an additional analysis of the enterprise's capability. To that end they organized in the collective a voluntary review-competition for organizing the output of goods in great demand, and they set up a specific laboratory to develop new prototypes of products, processes and equipment. The workers advanced economically sound proposals for utilization of production waste and for expansion of space in the workplace for production of goods by virtue of reconstruction. All of this made it possible for the enterprise to draw up a new target program which called for a 50-percent rather than a 10-percent increase in the output of products.

Since the beginning of the 5-year period more than 200 enterprises have come forth with proposals to organize the production of consumer goods where they had not been previously produced or to amend upward plans for the output of consumer goods.

Target programs were drawn up in all the oblast's rayons and cities so as to take into account the proposals of enterprises and organizations. They were incorporated in the oblast target program for larger production, expanded assortment and improved quality of consumer goods at the oblast's enterprises in the 1981-1985 period, which was taken under consideration and approved by a plenum of the party obkom.

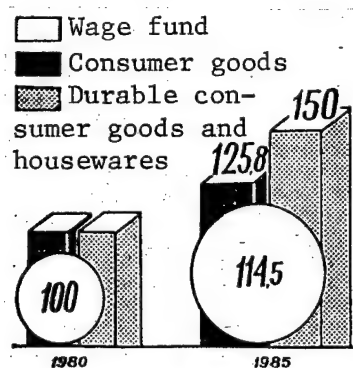
That program calls for bringing the output of consumer goods up to 4.8 billion rubles per year by the end of the 5-year period, which would exceed the wage fund of workers and employees in the oblast employed in the sphere of physical production. At the same time the production of durable consumer goods and housewares will increase 1.5-fold, which is considerably more than called for in the assignments originally given. There are plans to expand the assortment of products produced, to renew practically all of the products being manufactured by the enterprises of light industry, to put more than 2,000 new products into production, including a number of technically sophisticated products which are in high demand. The share of products certified for the state Quality Emblem will triple.

The bureau of the party obkom has adopted a plan of organizational and political measures to carry out the decree of the CPSU Central Committee approving the initiative of the progressive collectives of Moscow and Sverdlovsk Oblast. These measures have been taken up in a conference involving all enterprise directors and party committee secretaries and in oblast seminars of secretaries of CPSU gorkoms and raykoms, and they have been discussed in plenums and bureaus of party gorkoms and raykoms, in assemblies of the party-economic aktiv, in party and worker assemblies, in sessions of soviets of people's deputies, in plenums of the oblast trade union council and the oblast trade union committees of sectors and branches, and in the bodies of people's control. The party obkom and its departments have taken the organizational-and-technical,

economic and ideological support of fulfillment of the target program under their constant supervision.

A decision of the bureau of the CPSU obkom set up an oblast coordinating council for increasing the output of consumer goods, which is headed by the secretary of the CPSU obkom. The council regularly takes up progress in fulfillment of programs in cities, rayons and enterprises. The sectoral departments of the CPSU obkom monitors their fulfillment on a day-to-day basis.

Growth of Production of Consumer Goods and the Wage Fund in Sverdlovsk Oblast, in percentage



City and rayon committees of the CPSU have enlisted sections of 42 of their technical-and-economic councils and 30 standing commissions of deputies to oversee fulfillment of the target programs. On recommendation of the party obkom 250 commissions have been set up and are already now in place for party supervision of the economic activity of the management in manufacturing consumer goods.

Our proposals have won support in planning agencies and in ministries and departments. The Central Ural Main Regional Administration of USSR Gosplan has placed all enterprises on aggregate guaranteed supply for the production of consumer goods.

By Virtue of Intensive Factors

Taking into account that construction of new enterprises is planned on an insignificant scale in the 11th Five-Year Plan, we see reconstruction and retooling of production, production specialization, improved organization of work, and better utilization of all resources as the main directions for increasing the output of consumer goods.

About 180 million rubles will be allocated to reconstruction and retooling of production for the output of consumer goods during the 11th Five-Year Plan. In the oblast this will yield an 80-percent growth of these products. Extensive use of Gosbank loans is being made to finance the project.

At the same time a search is being made for the most economical solutions. For instance, at the Nizhniy Tagil Metallurgical Combine instead of building a

new shop for producing new stainless steel tableware with a projected cost of 23 million rubles, a decision was made to organize their production in the building of the cold-rolling shop that has been made available. The institute Uralgiprometz [Ural State Institute for the Planning of Metallurgical Plants] completed the project plan in a short period of time, and its execution has begun. Instead of 23 million rubles, the same volume of output will be obtained for an expenditure of only 3 million rubles of capital investments. At the same place the manufacture of products of colored cast glass is being organized in the former boilerroom. Their production will begin during the coming year.

At the Uralazbest Combine a revision has been made in the process called for in the design in a shop under construction, which freed one span, in which the manufacture of orchard and garden tools and other products is being organized. At the Uralelektromed' Combine a specialized production operation is being prepared for manufacturing crystalware through reconstruction and by using space that has become available. The "Sverdlesprom" [Timber and Lumber] Association has organized the production of completely ready-made (including fixtures) small greenhouses and also hothouses.

Literally within a month the washing machine shop at the Vysokogorskiy Machine Plant underwent reconstruction, and as a result production of the new modification was organized in a short period of time. Plans call for increasing the output of washing machines by 5,000 units per year.

Many more such examples might be given. But we must also note that along with the increased output of products, when existing enterprises undergo reconstruction, we achieve a sharp rise in labor productivity. In the industry of the oblast this factor will account for the entire growth of output, including the growth of production of consumer goods.

Many years of experience have confirmed that wherever the manufacturing of the goods has been set aside as an independent production operation, wherever specialized shops, sections, product design and process engineering services have been created, good results are guaranteed. That is the way the effort has been organized at our large and leading enterprises.

At the same time in a number of shops and sections manufacturing products in great demand the party stratum is between one-half and one-third of its size in the principal production operation. There are also small organizations where there are no party organizations at all. The party obkom is correcting these oversights and is calling upon local party authorities to pay constant attention to increasing the organizational effort in such collectives.

Jointly with the oblispolkom we are seeing that the oblast and local soviets of people's deputies also take fuller advantage of the rights afforded them to increase the production of goods and to improve their quality at all enterprises, including local industry, of course. A standing commission of the oblast soviet has now been created for consumer goods. Deputy groups and representatives within enterprises themselves have been created and are at work, following the example of the Sverdlovsk City Soviet.

Trade union and Komsomol committees are paying greater concern to improving the organization of work and improving working conditions in shops and sections where consumer goods are manufactured. People's control representatives and groups have become more active.

Quite a few measures are being carried out for ideological support of fulfillment of the target program. We are orienting the mass media above all toward a specific and vivid coverage of what has been done, who are the leaders and how they have achieved it, who are the stragglers and why.

Results of Joint Efforts and Proposals

What have been the results of our entire effort over the 1.5 years of the 5-year plan?

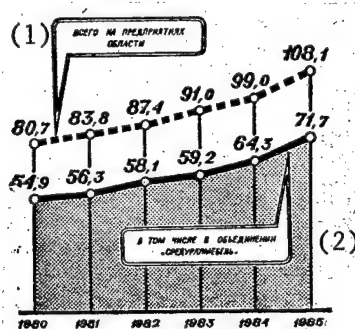
Whereas in 1980 consumer goods were manufactured by only 295 enterprises, they are now being produced by 484 enterprises and associations. The party obkom and oblispolkom are following a firm line: there should not be a single enterprise in the oblast which is not manufacturing consumer goods.

The plan for the production of consumer goods was fulfilled at a level of 102.3 percent for 1981 and the first 6 months of 1982, and the basic assignments of the target program are being met successfully.

In 1981 the output of durable consumer goods and housewares increased 6.4 percent, and in the first half of this year it rose 6.9 percent.

But have we done everything? Of course not. We have to note that full use has by no means been made of all the potential and capabilities for the manufacture of goods. Some enterprises in light industry and the food industry are not meeting targets and for years have not been updating the product mix. A number of plants which are rather well-equipped have limited themselves to manufacturing the simplest products. Quality is not what it should be, especially exterior finishing and packaging of many products.

Growth of Future Production in Sverdlovsk Oblast,
in millions of rubles



Key: 1. Total at oblast's enterprises
2. In association "Sreduralmebel" alone

We would like to express a number of proposals in this connection. Certain revisions are needed in the system now in effect for planning, stimulation and material and technical supply of enterprises producing durable consumer goods and housewares. In conformity with the established norms USSR Gosplan allocates physical resources only for goods on the product list of the plan for economic and social development. But there is also another group of products which come under the category "Other." Their list is adopted by the ministry. These "others" represent a sizable portion of all the goods produced. Resources for their production are allocated under consolidated allowances (per million rubles of output) without taking into account the actual list of products. The need has arisen to expand the list of products covered by allowances by including in it "Other products."

Preference has to be given to long-term contracts concluded by wholesale depots with manufacturing enterprises. Such contracts must be drawn up according to the results of a thorough study and forecasting of demand so as to take into account the seasonable variability of the products. We have not been very quick to respond to demand. The process is overlong: the wholesale fair--the request of Mintorg [Ministry of Trade]--the request for physical supply--development of prototypes--setting of prices--organization of production and actual manufacture. There are even cases where demand has fallen off by the time this process has been completed, and all the pains prove to have been taken in vain.

Enterprise managers have some justification for saying that it is easier to put into production a simple product or one of moderate complexity than to go through all the official acts required to obtain permission to produce it. For example, in order to put into production and begin manufacturing the small size "Malyutka" washing machine, Uralmash had to clear the standards and technical specifications with 6 ministries and 20 scientific research organizations.

There are also cases, unfortunately, where the head ministry is reluctant out of departmental ambition to clear prototypes which have better characteristics than the products it is producing. It is the purchasers who turn out to be the losers.

The present procedure for planning quality indicators detracts from the motivation of enterprises to expand the production of durable consumer goods and housewares. For a number of reasons labor productivity in production of these goods is lower at many enterprises than in the principal production operation, and the production cost is higher. And since all these indicators are planned only for the plant as a whole, expansion of the output of consumer goods tends to detract from the overall indicators. It becomes more advantageous to sell production waste on the outside than to organize its processing internally and to expand the output of goods in great demand on that basis.

There is also a need for improvement of the procedure for distribution of credits for reconstruction of production operations. At the present time credits are distributed centrally through the ministry. Ceilings on credit financing are broken down by enterprises only by the middle of the planning

year. An examination should be made of the possibility of granting oblast offices of Gosbank the right to extend credit for these purposes in accordance with regional target programs for development of the production of consumer goods. In short, we have a great deal more to do and many problems to solve together in order to achieve what has been outlined, in order to report to the CPSU Central Committee at the end of the 5-year plan that after adoption of its decree approving the initiative of the people of Sverdlovsk the specific organizational effort has yielded high results.

Address by L. A. Borisov

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 9

[Address by L. A. Borisov, secretary of the Moscow City CPSU Gorkom: "High Targets for the Workers of the Capital"]

[Text] Progressive enterprises of the capital have built up good experience in increasing the output, expanding the assortment and raising the technical level and quality of consumer goods. Their share in the total volume of industrial production now exceeds 40 percent. Goods in widespread demand, durable consumer goods and housewares are being manufactured by enterprises of 60 different ministries and departments.

This effort has been stepped up particularly since adoption of the decree of the CPSU Central Committee approving the initiative of party organizations and work collectives of Moscow and Sverdlovsk Oblast, who decided to increase the production of consumer goods. Guided by the decisions of the 26th CPSU Congress and instructions of L. I. Brezhnev, the city party committee analyzed in detail the way in which plans and obligations took into account the possibilities of every enterprise to increase the output of consumer goods in the 11th Five-Year Plan. It was established that a number of plants and factories were not making full use of their capability, and some of them had even cut back on their volume or withdrawn from production products for which there is a demand. There were cases of nonfulfillment of the plan in the given product mix, which has had an adverse effect on the supply of certain goods to the people of Moscow.

Taking Into Account the Capabilities of Every Enterprise

The MGK KPSS [Moscow City Committee of the CPSU] studied the causes of these shortcomings jointly with party organizations and key officials of enterprises and ministries. Practical measures were drafted to increase the output of consumer goods. This goal was also pursued by the city scientific-practical conference held in 1981 at which the problems of cooperation between trade and industry in improving the assortment of consumer goods were examined from every angle. The conference defined the main directions of the joint effort of all the capital's enterprises and organizations. Now practically every enterprise in the city manufacturing goods in widespread demand has a contract covering cooperation with organizations in the trade sector.

Taking into account the importance of further expansion of the production of consumer goods, the party gorkom and ispolkom of the Moscow City Soviet have incorporated into the conditions for socialist competition among the city's rayons in the 11th Five-Year Plan a number of volume and quality indicators reflecting this effort. Now rayons whose enterprises failed to fulfill the plan for the volume of output of consumer goods in the given assortment during the reporting period or did not achieve the planned level of their quality and certain other indicators cannot claim high places when the results of the competition are totaled up.

As a result of the measures carried out by the city party committee in 1981 and the beginning of this year another 50 enterprises have organized the production of consumer goods which are new for them. Since the beginning of the 5-year period 4,300 new products have been put into production, while 1,600 models, styles and designations of outdated products have been withdrawn from production.

A study of the experience of progressive collectives showed that the greatest benefit in expanding the production of goods for the public is achieved where this effort is based on a plan. In this connection the city party committee recommended the drafting of multiannual 5-year plans for the output of consumer goods at every enterprise.

The "Plan for Production of Consumer Goods by Industrial Enterprises of Moscow Over the Period 1981-1985," which has been approved and adopted by the bureau of the MGK KPSS and ispolkom of the Moscow City Committee, makes it possible to combine sectoral and regional interests optimally and to make the fullest use of the city's industrial potential to satisfy the demand for goods.

A typical feature of the plan is that along with the enterprises of light industry, the food industry and local industry in the production of goods for the public, it also defines the specific participation of a majority of the enterprises of heavy industry. In 1985 they are manufacturing 1.3-fold more durable consumer goods and housewares than in 1980.

By Means of Reconstruction and Retooling

In the current 5-year plan the entire growth of the volume of production of consumer goods in the city's industry will be achieved by raising labor productivity.

Accordingly, the plans of enterprises emphasize reconstruction and retooling of shops and sections in order to raise the level of mechanization and on that basis to guarantee higher labor productivity. In all, 454 million rubles of capital investments are being allocated for these purposes.

Reconstruction is being completed of the oldest enterprises in Moscow--the garment associations "Bol'shevichka" and "Vympel," the paper products combine, the "Parizhskaya Kommuna" Factory, the Worsted Yarn Factory imeni Kalinin, the cotton printworks, the Semenov Weaving and Finishing Plant, and a number of others. Enterprises in the food industry have undergone considerable development.

The foundation has been strengthened for further expansion of the production of durable consumer goods and housewares. Provision has been made to put into operation a very large shop at the "Hammer and Sickle" Metallurgical Plant. Capacity has increased for the output of timepieces, electrical household appliances, household chemical goods, wallpaper, and medical equipment items. In order to meet the everyday needs of the population it has been proposed that a plant be built for production of dairy products for children, that fish processing and meat processing combines be put into operation along with additional production capacities for hard smoked sausages, whole-milk dairy products, baked goods and confections, and other foodstuffs. A number of enterprises of local industries will undergo reconstruction and retooling.

Fuller satisfaction of the public's demand for industrially produced goods is achieved not only through constant augmentation of the volume of their production and expansion of their assortment, but also by increasing their technical level and quality. In accordance with the 5-year plan, the share of products bearing the state Quality Emblem is to increase by almost one-third. In the 1981-1985 period plans call for putting more than 10,000 new products into production, including refrigerators with more conveniences, washing machines, electrical household appliances, radio equipment, different types of fabrics and styles of clothing, knitwear, footwear and other goods.

The city product quality control system set up in 1981 has great importance to achievement of these high targets. It helps to guarantee high quality of a majority of the goods manufactured in the city in all stages of their creation--from drafting the technical specifications to their manufacture.

In Close Interaction

Improvement of the activity of scientific organizations, a strengthening of their relations with production, has great importance to increasing the output and raising the quality of consumer goods. A large role in invigorating this effort has been played by the decree of the CPSU Central Committee adopted in 1981 which approved the initiative of the collectives of progressive enterprises of Moscow in extensive use of the advances of science and technology in achieving an economy of labor, physical and energy resources.

The collective of the Zarya Footwear Production Association, for example, jointly with a number of scientific research institutes, defined for the 11th Five-Year Plan a comprehensive program for increasing the output and improving the quality of products and for an economy of raw materials and supplies. The measures drafted make it possible for the collective to put into operation ahead of schedule and bring up to rated capacity new facilities for the production of 1.5 million pairs of women's and children's footwear. The share of products bearing the state Quality Emblem in the total volume of production will be raised to 65 percent. Adoption of optimum cutting methods are creating conditions for saving 32 million square decimeters of leather materials, and as a consequence it is possible to manufacture an additional 1.1 million pairs of footwear.

At the Cotton Factory imeni M. V. Frunze a fundamentally new pneumatomechanical process for yarn production and the air-jet method of weaving cotton greige goods have been introduced in cooperation with scientific research institutes of light and textile machinebuilding and the cotton industry. Close interaction between the collectives of the "Krasnaya Roza" Silk Combine and chemical scientists have made it possible to increase the output of greige goods 1.6-fold.

Automatic manipulators (industrial robots) are being applied in practice to an ever greater degree at enterprises manufacturing consumer goods, thanks to the help of the scientists. This technology is being used successfully in the production of refrigerators, washing machines, television sets, timepieces and other products. Considerable expansion of the use of robotics at Moscow's enterprises is proposed in the 11th Five-Year Plan. A number of practical measures are already being taken along those lines. With the assistance of the scientific-technical council for application of industrial robots, which was created in connection with the city party committee, the production of certain types of this technology has been organized on a cooperative basis. At Moscow enterprises 700 automatic manipulators are to be manufactured in the years of the 5-year plan.

Fuller use of industrial waste and local raw materials is a very important reserve for increasing the output of goods for the public. The enterprises of local industry are being given the paramount role in performing this task. In the current 5-year period their production of products from resources of this kind will increase by more than 30 percent, and 200 new products will be put into production.

Plus the Initiative of the Work Collective

Successful performance of the tasks of increasing the production of goods for the public depends to a considerable degree on the creative initiative of workers and specialists. For instance, the work force of the "Sokol" Garment Association, whose effort to increase the quality of products produced was highly praised at the November (1981) Plenum of the CPSU Central Committee by Comrade L. I. Brezhnev, has come forward with the initiative of further expansion of the production of high-quality products and has set the target of increasing the share of products bearing the state Quality Emblem to 70 percent by 1985. The collective's strenuous socialist obligations have been backed up with economic calculations and specific organizational-and-technical measures. The city party committee has supported this patriotic movement that originated in this progressive collective of the capital's garment workers.

It would seem that the initiative of enterprises in this direction would receive far more realistic evaluation and higher practical results if it were possible to abolish the volume indicators used for planning the production of consumer goods. Experience has shown that meeting the demand of the public for necessary durable consumer goods and housewares is held back by the practice of planning their output in the branches of machinebuilding and heavy industry in value terms and only for a restricted list of products in physical units. In our view it would be advisable to plan the production of consumer

goods by enterprises of all ministries and departments not only in value terms, but also with respect to the product mix, which would be cleared with organizations in the trade sector, as is done in light industry and the food industry.

Holding the all-union seminar in Sverdlovsk will unquestionably enrich party organizations and managers in the economy with new know-how. Moscow's workers will make their worthy contribution to carrying out the decisions of the 26th CPSU Congress for a further rise of the prosperity of the Soviet people.

Abridged Address of L. S. Firisanov

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 10

[Abridged address by L. S. Firisanov, secretary of the Belorussian CP Central Committee: "An Important Area of Party Work"]

[Text] Expansion of the production of consumer goods has to be linked more closely to the drafting and adoption of strenuous plans of enterprises and to the physical and technical backing of those plans, especially by doing everything to put production waste and local raw materials into production. Solving this problem is aided to no small degree by introduction of progressive forms of the organization of work and by development of the cottage industry.

Along all these lines the republic's party and economic authorities are making a constant and painstaking effort. For instance, surveys of enterprises to discover unused potential and capabilities, which are carried out on the initiative of party committees, precede the compilation of draft plans.

Particular attention is paid to fuller satisfaction of the requests of the trade sector for specific types of products. The republic's ministries of light industry and trade are now developing the "ASU [Computerized Management System] for Sales and Deliveries of Consumer Goods." An interdepartmental commission has been created in the BSSR Council of Ministers to study the need of the market and trends in development of consumer demand.

During the current 5-year period an expanded list of products are to be included in the products list contained in the republic's state plan. Assignments for the production of a number of popular goods which are scarce in the trade sector and also for durable consumer goods and housewares are broken down by BSSR ministries and departments and by oblasts and cities.

All of this is yielding constructive results. Recently there has been a substantial drop in the number of scarce goods, and consumer demand is being met more fully.

At present about two-thirds of the volume of durable consumer goods and housewares produced in the public are coming from enterprises of heavy industry. A republic socialist competition has been organized among these collectives. Challenge Red Banners and money prizes have been established. Work has been stepped up to popularize and disseminate progressive know-how, especially of

such collectives as the Grodno Automotive Assembly Plant, the Polotsk "Steklovolokno" Production Association and others where the share of consumer goods is 10 percent or higher of the total volume of output.

Significant work has been done by the Minsk city party organization to mobilize the collectives of enterprises of heavy industry to increase the output of consumer goods. A number of enterprise party committees have created commissions for monitoring the manager's activity in producing such products, and shops and sections where their production is being organized have been bolstered with party members. Party organizations and party groups are being created in specialized production subdivisions.

On the initiative of the Belorussian CP Central Committee practically all enterprises have been surveyed on behalf of detection and further utilization of production waste. On the basis of the results obtained the BSSR Council of Ministers has defined specific assignments.

A special department has been set up in the mechanical and process engineering institute of the BSSR Ministry of Local Industry to draft recommendations for utilization of waste. The republic's gossnab is annually compiling a report on waste in the industrial sector and sending it to ministries and departments.

A permanent republic exhibition has been organized in Minsk where more than 1,000 samples of various kinds of waste and of products manufactured from them are exhibited. It is used as a facility for conducting seminars of officials of the party and economy on aspects of organizing utilization of secondary resources. In every sector base enterprises have been designated which will serve as a school of progressive know-how. For example, in the leather industry that enterprise is the Bobruysk Leather Plant, whose work force has achieved full utilization of production waste.

The results were not long in coming. For 1981 there was a 2.3-fold increase in the productive utilization of waste of synthetic and artificial fibers and 18 percent in the use of metal waste. The level of utilization of waste has been raised to 80 percent or higher in the cotton, leather and leather accessory industries.

Of course, we regard all of this as only the beginning of a large effort. After all, at present a sizable portion of the waste has not yet been put to productive use, especially in the chemical industry. On the other hand, unjustifiably large amounts of waste are sent out of the republic instead of the more optimum local processing.

In speaking about consumer goods we cannot pass over in silence the problems of folk arts and crafts. Their products, as is well known, are in great demand not only in our country, but also abroad. A specific decree has been adopted on development of this distinctive sector in the republic; it calls for a 1.4-fold increase in the output of the crafts and trades by the end of the current 5-year period. The production of crafts from wood, flax fiber, wicker and straw is to increase at a particularly fast pace.

Much has already been done to achieve what has been outlined. Five factories and shops have been built or undergone reconstruction for the manufacture of highly artistic products. Seventeen new production support points have been put into operation to work with workshops in the cottage industry. A study of the experience of progressive enterprises in the country will help the party organization of Belorussia to perform more vigorously the important task related to increasing the prosperity of the Soviet people.

Abridged Address of A. P. Dumachev

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 10

[Abridged address by A. P. Dumachev, secretary of the Leningrad Oblast CPSU Committee: "On the Basis of Concentration"]

[Text] One of the main ways of increasing the output and improving the quality of consumer goods is the concentration of production, reinforcing its ties with science, and further improvement of management. For instance, in the garment industry of Leningrad and Leningrad Oblast 10 associations specializing on the basis of product and process were created instead of 42 factories, each of which was manufacturing 13-15 different product designations on small-capacity lines with outdated technology.

The same kind of effort has been made in the textile, knitwear, food, meat and dairy, fish and meat industries. This has made it possible to increase the size of the production run and to concentrate resources and energies of all enterprises on the most important problems. It has to be noted that the large associations are now handling the questions of creating, organizing the production and increasing the output of goods from their own internal potential.

A peculiarity of most Leningrad enterprises manufacturing consumer goods is that these are old plants and factories. That is why the oblast party organization is paying particular attention to the radical reconstruction of production. For instance, many subdivisions of the "Skorokhod" Association, the Association imeni Bebel', the "Rot-Front" Association and a number of garment associations, have been transferred to new space that has been equipped according to a single flowchart. A production operation has been set up to manufacture high-grade amateur cameras in the Optical Mechanics Association imeni Lenin. Construction has begun on an automated spinning and weaving factory and new buildings of the "Sputnik" and "Metallofurnitura" Associations, which is making it possible to use the old space scattered over the city for other purposes.

Large-scale or large-series production of consumer goods, especially when it is created from scratch, must be automated under present conditions. Unfortunately, most of the project plans for new production operations and those undergoing reconstruction so far call for automation only of individual operations or processing lines. No thought whatsoever is being given to eliminating manual labor in transport and auxiliary operations by the project planners, though this kind of automation is considerably simpler and cheaper than in the principal processes. There is an evident need to see that the developers and

departmental expert evaluation penetrate more deeply into the organizational and technological aspect of project plans and take responsibility for their low level.

The improved supply of equipment and stronger ties with science make it possible to work not only with high productivity, but also economically. For instance, the enterprises of "Lenkhlopprom" [Leningrad Cotton Industry] will produce more than 450,000 running meters of fabrics in 1982 from raw materials which have been saved. The garment workers are producing 200,000 different items from saved fabric. The "Proletarskiy Trud" Association, which has based its production of table oilcloths on texturized materials and a new process, had saved more than 10 million running meters of cotton fabrics by the beginning of the 5-year period. Use of a substitute created in a shale refining plant in the production of varnishes has saved tens of thousands of tons of vegetable oils.

The planned and purposive effort of party organizations, soviet authorities and economic managers, systematic supervision and higher exactingness toward personnel are bearing fruit. Some 63 enterprises have begun to produce these goods which previously did not manufacture them.

Along with the undoubted success in this effort, we also see clearly the shortcomings and unused potential that exist. Certain enterprises are timid in undertaking the production of new products, especially complicated ones.

Organizations in the trade sector do not always behave consistently. On the one hand they categorically object to reduction of the output of certain goods which do not fit properly into the configuration of the enterprises, while on the other they insistently demand that an ever broader list of products be put into production. This results in production of products in small runs and, as a consequence, production is done on a jack-of-all-trades basis, labor costs are high, and there is duplication in production of products with the same performance characteristics. As a result the production of many products is becoming a losing proposition for the enterprises.

A comprehensive target program is now being drafted for the production of goods over the period up to 1990, which will make it possible to substantially increase the output and update the assortment of goods for the public.

We are all fighting for high quality and beauty of the goods. And this is as it should be. But many requirements of norms and technical specifications and standards are still being raised excessively.

Many GOST's [state standards] pertaining to the packaging and shipment of products assume that the product has to be transported at least 1,000 km. It is not uncommon for most to be sold locally. Nevertheless, materials, and, above all, labor are being spent unnecessarily to package the products.

In our opinion Gosstandart [State Committee for Standards], ministries and departments and head organizations in sectors should start from the real situation and the interests of the state in the stage of drafting the GOST's and

norms and technical specifications, when they evaluate the performance characteristics and quality of the products. Use of the simplest returnable containers should be allowed when products are shipped over short distances under conditions cleared with the local consumers.

The socialist obligations adopted by many Leningrad enterprises in honor of the 60th Anniversary of the USSR have paid particular attention to development of the production of consumer goods. This means that this year the country will receive a large additional amount of durable consumer goods and housewares made in Leningrad and Leningrad Oblast.

Excerpt From Address by Ya. P. Pogrebnyak

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 pp 10-11

[Excerpt from address by Ya. P. Pogrebnyak, secretary of the Ukrainian CP Central Committee: "The Comprehensive Approach"]

[Text] Following the example of the people of Moscow and Sverdlovsk, whose know-how has been approved by the CPSU Central Committee, comprehensive programs for production of consumer goods covering the 5-year period have been drafted in every oblast in the Ukraine and are now being carried out. A definite procedure has also been given shape for the drafting and performance of these programs.

In the first stage the unused potential and capabilities for increasing the output are discovered. On the basis of the Lvov experience, search groups have been organized at all industrial enterprises which prepare specific recommendations on which products and in what amounts can be produced. These proposals are studied and summarized in city and oblast planning commissions and are submitted to the republic gosplan.

In the second stage, after the recommendations from the local level have been studied, planning authorities set the supplemental assignment for production of scarce goods. In this connection the republic gosplan, gossnab and ministries and departments seek out unused raw materials and supplies and turn their attention to the possibilities of using secondary raw materials and production waste. Then a decree of the Ukrainian CP Central Committee and UkSSR Council of Ministers sets for enterprises of all sectors additional assignments for the year which exceed the original assignments established by the 5-year plan. For instance, since the beginning of the 5-year period 354 million rubles of goods have been produced over and above the plan. In the third stage measures are carried out which ensure supervision over fulfillment of the assignments of the plan and the supplemental assignments and over correction of the causes which have held back the production of these goods. This effort is coordinated by a commission of the presidium of the republic's council of ministers for production of products in Group B and for the trade sector.

Children's goods are a matter of particular concern. In the 1976-1980 period we designated an additional number of enterprises to specialize in the

production of goods for children. At present 44 production associations and enterprises and 70 shops and production lines are manufacturing only children's goods. Fabrics for school uniforms have been improved. One of the Styling Centers has been converted to designing clothing for children.

Under the new conditions of the conduct of economic activity a situation has been created for enterprise collectives that helps to increase the production of products for children. With introduction of the normative net output as an indicator, the low price of children's goods and the high labor intensiveness will not hold back their production.

The manufacture of goods for children and their share bearing the state Quality Emblem are growing at a faster than average pace. Over the last 3 years the volume of production of children's goods has increased 14 percent, while the output of products in the superior-quality category has increased 2.7-fold.

The right extended to the republics to certify on their own the products of light industry for the Quality Emblem has had a favorable effect in speeding up the time it takes to fill out documents, and that means for introducing new products into large-scale production. In the Ukraine we have managed to see that over the last 3 years no uncertified products or products in the second-quality category have gone to wholesale industrial fairs. Economic indicators of styling centers are now more closely linked to the activity of industrial enterprises and depend directly on the number of developments which have gone into production.

Under present conditions, when the market is being saturated more and more with a variety of goods, it is becoming important to shape and forecast demand, to inculcate high esthetic taste and sensible needs. A number of measures are being taken along those lines in the republic.

Over a number of years a vigorous effort has been made to organize the output of experimental lots of especially stylish products. Pilot production operations and experimental sections had to be created to manufacture them. At first this was done with difficulty. There were fears about increasing manual operations and about the frequent style changes. Now such production operations have been organized at 120 enterprises.

Moreover, the transition has been made from small sections in which manufacturing by hand predominates to large mechanized production lines. This has made it possible to increase the output of superior-quality footwear from 200,000 to a million pairs per year.

Light industry has organized six trade outlets of its own to try out promising new goods and to conduct the effort to shape the demand of the public. The republic gosplan has assigned them stable sales targets for the 5-year period.

Thus the manufacturers' sales outlets are playing the role of industrial laboratories of enterprises, which are selecting and defining the assortment of their products in the future. Last year they recommended for production 76 percent of the styles which had been developed.

Nor is it unimportant that the manufacture of experimental lots affords the possibility of meeting the needs of that portion of the population, especially young people, who are anxious to have especially stylish clothing and footwear. Even though the retail prices of such goods are 25-30 percent higher than regular prices, they are anxious to buy, since their level is on a par with the best foreign examples.

We intend to continue to develop trade through manufacturers' outlets. This year the output of experimental lots will triple over last year. The task is being set of releasing more and more new styles for large-scale production only after the experimental lots have gone through the manufacturers' stores, the number of which will double by the end of the 5-year period.

I would like to touch upon the problem of substituting synthetic fabrics for natural fabrics in products used for industrial purposes, which has become a painful one. We are solving some of the problems locally. But on the whole this effort is being conducted piecemeal so far, without the necessary persistence on the part of USSR Gossnab and USSR Gosstandart. It would be good if more interest were also shown in this matter by USSR Gosplan.

As is well known, texturized materials may be the principal substitute of natural fabrics. Their production in our republic is growing rapidly and this year will reach 150 million square meters. At the same time the capacity of the Borislav Factory, which is the largest, is not being used optimally enough. The simplest mix of products is now being manufactured. USSR Minlegprom [Ministry of Light Industry] and its scientific research institute should speed up the development of texturized material with improved characteristics so as to expand the field of their application.

Local industry has a large role in meeting consumer demand. Not so long ago the Ukrainian CP Central Committee heard a report from the republic's ministry of local industry and pointed out to its key officials the poor effort and lack of necessary initiative in using local types of raw materials and production waste. A number of practical measures were outlined and are now being carried out to improve the operation of local industry. Yet more than one-fourth of the volume of its output is not goods for the public, but products for industrial purposes. It would seem proper for USSR Gosplan to gradually free enterprises of the sector of functions which are not proper to them.

Constantly improving the forms and methods of party guidance of the economy, the Ukrainian CP Central Committee is paying principal attention to the questions of strengthening enterprises producing consumer goods with politically mature economic managers who show initiative and is training an experienced pool of new personnel. Practical measures are being carried out to create stabilized collectives and to improve the living and working conditions of the workers.

Abridged Address of I. G. Anisimkin

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 11

[Abridged address by I. G. Anisimkin, secretary of the Uzbekistan CP Central Committee: "The Main Directions of the Search"]

[Text] Over the last several years in UzSSR hundreds of existing production operations producing consumer goods have undergone expansion and reconstruction, and 28 large new enterprises have been built.

Already last year the established assignments for the production of industrial goods and foodstuffs for the public were exceeded by 253 million rubles. For the 11th Five-Year Plan as a whole the workers of Uzbekistan have decided to manufacture an additional 1.2 billion rubles worth of consumer goods.

The production of cotton and silk fabrics will increase 2.5-fold in the republic over the 5-year period, the output of children's underwear will nearly triple, the output of carpets and carpet goods, furniture, and porcelain dishware will double, and the output of durable consumer goods and housewares will increase 1.5-fold.

In defining a program of steps toward further satisfaction of consumer demand the republic authorities took as their point of departure that personal money income in Uzbekistan will increase 4.5 billion rubles over the 5-year period. Our counterproposals to increase the production of consumer goods have won the support of the CPSU Central Committee and the government, as well as the country's ministries and departments, which have extended practical aid in fulfilling the republic's high obligations. Capital investments 1.7-fold larger than in the 10th Five-Year Plan are being allocated in the 11th to develop the sectors manufacturing these products. Our task is to use those appropriations efficiently and with the greatest return. A number of enterprises have now achieved a position where the volume of sales of popular consumer goods has begun to correspond to the wage fund. The republic's party organization is spreading their know-how everywhere. The work collectives of the Tashkent Aviation Association imeni V. P. Chlakov, the "Tashavtomatika" Plant, and the "Uzbytkhimplast" Association can serve as an example.

Experience has confirmed the correctness of the strategy we have chosen of setting up affiliates and shops of large industrial enterprises in small cities and rural rayons. During the 11th Five-Year Plan we intend to set up more than 400 such production units, which will employ about 130,000 workers and will produce an output totaling about 3 billion rubles. So far, for example, 12 large-scale affiliates of textile combines have been built and as a rule have reached rated capacity ahead of schedule; they have a total annual output of 9,000 tons of yarn and more than 100 million meters of cotton fabrics. I should add that setting up affiliates requires far smaller funds for housing and public works construction, since people living in nearby settlements go to work in them.

We had to make a great effort to train personnel in time for the new production operations. Take light industry as an example. Every year more than 26,000 workers in the principal occupations are trained for enterprises in this sector, almost half of them for new construction projects. Three-fourths of the workers are trained in vocational-technical schools and in existing enterprises themselves. About 3,000 have gone through training at cotton enterprises in Krasnodar Kray, Leningrad and the Moscow region.

Important potential for increasing the output of consumer goods lies in organizing their production at all enterprises, without exception, which can and must make good consumer goods which are needed, especially those which are sophisticated. We have analyzed their operation. The Uzbekistan CP Central Committee and republic government have committed the enterprises of all sectors to adapt effective measures to sharply increase the production and improve the quality of consumer goods which are in great demand and to use production waste for this purpose on a broad scale.

By the end of the 5-year period we intend to bring the output of goods made from production waste up to 300 million rubles, which exceeds by 2.5-fold the 1980 level. By and large the work of homeworkers and women with many children will be used in this. The number of homeworkers will double in the current 5-year period.

As is well known, our distinguished cotton growers are making a weighty contribution to carrying out the Food Program. After all, cotton is not only a fiber, nor only a technical raw material for many sectors of industry. It also means vegetable oil and animal feed, and that means meat and milk.

We all recall that in his address at the ceremonies in Tashkent Comrade L. I. Brezhnev turned attention to the quality of raw cotton. This year considerable area planted to cotton has been planted to selected new varieties which yield a higher-quality fiber. Plantings of thin-staple cotton have increased. A number of cotton breeding farms have become specialized in preparing high-quality seed.

Construction of new cotton gins, procurement stations and drying and ginning shops has been put on a crash basis. Efforts to modernize existing equipment have been stepped up. Covered storage space has been erected to store the fiber and seed.

Today hundreds of thousands of cotton growers in the endless fields of Uzbekistan are working strenuously to cultivate the "white gold." They are full of determination not only to fulfill the high socialist obligations--to give the homeland 6 million tons of excellent cotton in honor of the 60th Anniversary of Formation of the USSR--but also to overfulfill them.

Abridged Address of E. Ya. Aushkap

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 11

[Abridged address by E. Ya. Aushkap, secretary of the Latvian CP Central Committee: "Creative Cooperative Contacts"]

[Text] The high praise which Leonid Il'ich Brezhnev expressed in his report at the 26th CPSU Congress for the republic party organization concerning its mobilization of work collectives to improve product quality makes it incumbent upon us to conduct this effort still more profoundly and concretely in the 11th Five-Year Plan. The republic's workers have already achieved certain success: of the 2,714 products marked by the prestigious pentagon, 2,210, or 81.4 percent, are consumer goods. But the potential for a further improvement of quality does exist, and it is sizable.

We are performing this task by coordinating the joint efforts of interested enterprises and organizations and by developing creative cooperation of work collectives. For instance, in light industry the primary organizations of scientific-technical societies of the Production Association "Rigas Uudums," "Rigas Manufaktura," "Rigas Apgerbs" and the Riga Styling Center have proposed that textile and garment enterprises join efforts in developing fabrics in a higher-quality category and in manufacturing finished products from them which would be at the level of the best domestic and foreign examples.

The Latvian CP Central Committee has approved this patriotic initiative. At a majority of the enterprises of light industry start-to-finish creative teams have been created consisting of progressive workers, engineers, process engineers, mechanical engineers, stylists, artists and colorists, whose work is already yielding good results.

This experience is valuable because creative contacts have been strengthened between those involved in the joint effort, and the time it takes for new developments to go from sketches to industrial manufacture has been greatly shortened. This kind of cooperation has also been developed in other branches of industry.

More extensive use of secondary resources and local raw materials is an important potential for increasing the output of goods for the people. The Latvian CP Central Committee is paying particular attention to this question. In the republic at the present time about 5,000 tons of secondary textile materials are being processed. Enterprises of light industry are manufacturing yarn, cotton wadding, and stockinet from waste. A combine for combined processing of secondary raw materials is manufacturing felt, recovered wool and semiwool yarn, polishing belts, blankets and pillows.

A purposive effort is being made to make maximum use of local raw materials, above all clay, sand, limestone, dolomite, peat, osier, straw and wood. Local industry is using them to make pottery, ceramics, flowerpots, panels, boxes and souvenirs. In 1981 alone secondary resources and production waste were used to manufacture 12 percent of all the output, and the goods produced are in widespread demand.

Still more of such products can be produced. But this requires setting up an efficient organization for collecting secondary resources both at industrial enterprises and also from individuals. A large role goes to local soviets of people's deputies in this effort.

Still another problem which is obviously not topical for our republic alone. This is increasing the output of consumer goods through better use of labor resources. Enterprises are extensively enlisting retired people, housewives and disabled persons to do the work they are capable of. At the present time one-third of the able-bodied pensioners and two-thirds of the disabled persons in Category 3 are taking part in active work activity.

Specialized production operations operative in many cities and rayons have been organized for workers in these categories. For instance, at the "Mangali" Local Industry Metal Products Plant near Riga the necessary conditions have been assured for the work of disabled persons and retired people, who make up half of the entire work force of the enterprise.

More than 5,000 homeworkers, including 1,300 disabled people, are employed in local industry. The number of people working at home is increasing every year. Homeworkers master products of the handicrafts and souvenirs, sewn and knitted garments, and also certain assemblies and parts for sophisticated consumer goods. In 1981 they manufactured products worth more than 20 million rubles, which was 10 percent of the total volume of output of the republic's local industry.

The "Sarma" Cottage Industry Combine, in which more than 2,300 people work, is in the system of LaSSR Minlegprom. They are manufacturing knitwear articles. By the end of this year we plan to increase the number of homeworkers at the republic's enterprises to 11,200 persons.

Industrial cooperation and production specialization at the interrepublic level can yield a very large benefit in the production of consumer goods. Beginning in 1976 recommendations for specialization of enterprises of light industry in the Soviet Baltic Republics and Belorussia were worked out under the leadership of USSR Gosplan and USSR Minlegprom. The interrepublic sectoral commissions prepared a specialization program covering the period 1981-1985 which promised an economic benefit on the order of 60 million rubles. For some reason this effort has practically stopped. In our view USSR Gosplan and USSR Minlegprom should show more interest in coordinating these relations.

7045

CSO: 1827/148

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

NEW MOTOR VEHICLE TRADE REGULATIONS DISCUSSED

Moscow TRUD in Russian 5 Sep 82 p 2

[Article by A. Kazakov and S. Snegirev: "Automobile for Sale"]

[Text] This place in Moscow is noisy and busy. You barely enter onto Yuzhnoportovaya Ulitsa, when the store "Automobiles" appears before you, as at once you fall into the whirlpool of cars.

Our intention was this: to understand, in practice, the new regulations of commission trade, and on their basis to transact the "purchase-sale" of an automobile, having available for this only the editorial department's "Volga." To help with this, we asked the deputy director of a trade organization of the RSFSR Ministry of Trade, A. Kochetkov and the director of the store "Automobiles", V. Antipov.

While our "Volga" followed the intricate zigzags, moving ahead in the labyrinth of cars, Anatoliy Kochetkov explained to us the basic provisions of the new regulations. We learned, for example, that now the stores are accepting on commission light automobiles only in that territory of an autonomous republic, kray, or oblast, where they are registered in the GAI [City Automobile Inspectorate]. If a commission sale is transacted in Moscow or Leningrad, then the automobile must be registered in the GAI of those cities.

"This permits the regulation of automobile trade, strengthens the state and public control of the procedure of their sale," stated A. Kochetkov. "As it was previously, a metropolitan automobile-lover could, for example, drive his 'Zhiguli' to sell in the south, automobiles from the Urals were sold in Moscow, and so on. It was sufficient to take a car off the register, and where you sell it is of no concern of anyone. Under such conditions it was extremely difficult to account for automobiles, and thus different deals and machinizations were not infrequent."

...In the observation area of the store, the automobile examiner approached us. Businesslike, not hurrying, he looked over the "Volga" and copied the factory numbers of the basic assemblies and components. His very first question caught us by surprise:

"What price have you set?"

As a matter of fact, according to the former regulations pertaining to automobiles offered on commission, the store itself set the price. The degree of wear and tear of the car, the year of its production, and a host of other factors were considered, and the price, as a rule, was set considerably lower than that at which the automobile was bought by the owner. And now, such a question. Again we had to resort to the help of A. Kochetkov.

"One of the basic differences of the new regulations from the former are included in this," he said. "In them, just as before, two variants of the sale of cars are established; impersonally or to a specific buyer. But in the first case the owner of the car now names the price himself, not exceeding the state retail price, on a given make or model, existing at the moment the car is offered for commission. Our 'Volga', for example, was produced in 1977. Its retail price at that time was less than it is now. But if you offer it on a commission sale, you now have the right to price it on its present value. And that applies to all makes of cars. Of course an experienced examiner, considering the condition of the automobile, may offer you a better price for the sale, but in any case the last word remains with the owner of the car."

The sight of an ancient "Moskvich", sheltered in the corner for the rest of its life, suggested to us one or two doubts.

"Yes, but doesn't it turn out now that in a commission sale, the cars appear to be almost completely worthless and the owner sets their prices high, new?" we asked A. Kochetkov.

"It is established by the regulations that if the automobile is not sold within 15 calendar days the store, with agreement from the former owner, can make a markdown. During the course of the next 15 days, again with the consent of the owner, a second markdown is made on the automobile. If in that time the car is not sold, its price is established by the store itself in accordance with the regulations in force for commission trade."

Next to the store is yet another place, where those wishing to sell an automobile are busy searching for a definite buyer. And to hide the sin, the prices there often are named far from those of the store. Their automobiles are called "markets," and the place--simply a market. We walked here, after all, listening to the conversations of those frequenting the market. We learned that the "market" price, from the first days of the existence of the new regulations, fell noticeably.

We approached a top-of-the-line yellow "Zhiguli." The owner of the car was a likeable young man with a thick head of hair. But his face was tired, pinched. We got into a conversation.

"This is the third day I've been coming here, and all for nothing," he said. "So I'll ask my own price..."

It turned out that he didn't know about the new regulations. We explained them to him. After several minutes we noticed, from the other side of the market, how the yellow "Zhiguli" rolled straight to the gate of the observation area of the commission sales of automobiles.

"The new regulations are now posted in all automobile stores where the commission trade of automobiles is conducted," said A. Kochetkov in parting. "Besides that, owners of 'Zhigulis' now can sell them through special automobile centers and maintenance stations of the Volga automobile factory."

It looks as if they really intend to buy our "Volga." Tens of automobile-lovers are already whirling around it. We must excuse ourselves to explain what's going on. We left the place under long-suffering stares--our car is like brand new and we "set" its price slightly lower than retail.

12198

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

INSUFFICIENCY OF CONTAINERS IN BELORUSSIA BEMOANED

Minsk SOVETSKAYA BELORUSSIYA in Russian 26 Oct 82 p 2

[Article by A. Sorokin, deputy chief of the Belorussian Republic Office of USSR Gosbank: "Unmarketable Assets?"]

[Text] It cannot be said that the BSSR Ministry of Food Industry does not care about economical, rational use of material resources at enterprises under its jurisdiction and does nothing to improve conditions for their storage and use for designated purpose and, most importantly, with benefit to work. No, this would be unjust. Much attention was devoted to questions of drawing above-norm and unused commodity stocks into economic circulation at the repeatedly held sectorial party and economic aktivs and expanded meetings of the collegium on the work results in 1981. They were a subject of special discussion by the ministry's collegium in March, May and June this year. Special orders of the minister were issued and corresponding instructions were distributed locally. Inspections were made.

And yet...It must be stated with concern that despite all work no noticeable results were achieved in reducing the stocks of material resources at the ministry's enterprises. The rate of growth of reserves of commodity stocks here exceeded the rate of growth of industrial production by 22.2 points in 1981 and by 11.4 points during the first quarter of 1982. The task on drawing material resources into economic circulation was not fulfilled for the year by R12.8 million and the turnover rate of working capital was delayed by 3.6 days, which resulted in an additional need for funds in the amount of more than R11 million. The situation has not improved so far.

The decline in effectiveness of working capital utilization is connected to a great extent with accumulation by enterprises of considerable above-norm reserves of commodity stocks, which were not credited by the bank. Their overall volume for the year increased in the BSSR Ministry of Food Industry by R800,000 and totaled R2.7 million by 1 January. This process is continuing at present. Moreover, a lion's share of above-norm material resources are concentrated at enterprises of the wine making and brewing and nonalcoholic beverage industries. Here the noncirculating assets are growing, as the saying goes, not by the day but by the hour. Apparently, supervisors of the above-mentioned enterprises falsely believe that reserves can cause no harm. But in

reality this is far from the truth. Unused reserves of goods and materials accumulate as dead load and do not yield profits, which they could in another place, and become dilapidated and spoil in due course. In general, the people's property, for which funds and strength were spent, is being senselessly wasted.

One of the reasons for such mismanagement at enterprises of the wine making and brewing and nonalcoholic beverage industries is lack of proper control over delivery and expenditure of commodity stocks on the part of the staff of associations and belittling the role of internal economic cost accounting. Materials from inspections testify that associations and combines do not bring their own working capital for individual articles to their production normative units and as a result there is lack of control over the legitimacy of accumulation of goods by the plants.

The commissions for controlling the state of commodity reserves established in production associations do not engage in most cases in object analysis of the reasons for accumulation of equipment, raw materials and supplies in warehouses, do not uncover stocks that are unnecessary and useless for production and do not adopt efficient measures to draw them into economic circulation or sell them in an established order elsewhere.

Such a commission in the Mogilevpivprom Production Association is operating especially unsatisfactorily. It, as the saying goes, did not raise a finger despite the fact that reserves of above-plan commodity resources by 1 April this year totaled more than R300,000, including more than R260,000 at the Mogilveskiy Brewery. No one examined the reasons for accumulation of these "surpluses" and no measures were planned to liquidate the "frozen" reserves. As a result, 78 kinds of goods have not been used for a long time at the Mogilevskiy Brewery alone.

It borders on the ridiculous. Rapidly wearing out articles and those of little value are delivered without consideration of production needs: with insignificant expenditure of electric lamps in 1981 and with some 17,500 of them still in stock on 1 January this year, another 8,340 electric lamps were delivered to the brewery in February and by 1 April there were nearly 22,000 of them in stock.

The commission for controlling the state of commodity reserves is doing nothing at the Pukhovichskiy Distillery, where the volume of production increased by 5.4 percent during the first quarter but the reserves of commodity stocks increased by 42.1 percent. The reserves include practically all kinds of raw materials and supplies, including goods valued at R18,100 which have not been used in production for more than a year.

Considerable working capital is immobilized in reserves of old, unnecessary and useless articles at some other associations as well. Only on the basis of official data supplied by enterprises of the brewing and wine making industries, they are worth almost R100,000. But this sum does not completely reflect the true state of affairs. There are many more "frozen" values. Only at the breweries that we inspected some R163,000 worth of them were uncovered plus

another R81,000 worth at wine making combines. For example, at the Brestskiy Brewery and Wine Making Plant there are R9,000 worth of unmarketable assets listed in the statement of account but in reality R15,000 worth of them were uncovered in addition to R13,000 worth of unused equipment.

It is noteworthy that some brewery associations did not find it necessary to indicate unnecessary and immobilized articles in official documents. This particularly concern the Bobruyskiy, Mogilevskiy and Gomel'skiy breweries, where respectively R44,000, R20,000 and R33,000 worth of unused commodity resources were discovered during inspection. Included in the unmarketable assets are obsolete labels, various auxiliary materials, equipment and packing materials.

For example, nearly 13,000 souvenir bottles were not used since 1970 and 45,000 0.8-liter bottles since 1975 at the Pinskiy Distillery. The overall value of the bottles, which were not used for a long time, is R9,300. "Unmarketable" packing materials valued at R6,200 were found at the Polotskiy Distillery, which has not used them because some wines are no longer produced. More than 626,000 corks and 943,000 labels for sparkling wines are also lying around unused here.

The Minskiy Nonalcoholic Beverage Plant has accumulated even more containers. Almost 1 million 0.33-liter bottles have not been used here since 1980. Goods valued at R11,600, including R7,400 worth of Avomarin, R3,900 worth of ingredients and other goods are lying around as dead cargo since 1977 in the warehouse of the Bobruyskiy Distillery.

By presenting dubious data on the presence of unmarketable and unnecessary commodity stocks, all of these enterprises were illegally drawing Gosbank credits totaling R205,000 into their economic circulation.

Another fact that must be also noted is that subdivisions of the brewery and nonalcoholic beverage and wine making industries have problems with accepting containers and storing and repairing them. For example, 518 boxes and 6,000 returnable glass containers were rejected during the first quarter of this year at the Grodnenskiy Wine Combine. A similar situation has developed at the Mozyrskiy Brewery and at some other enterprises.

Unsatisfactory acceptance and settling of a considerable quantity of wooden containers in need of repair creates an additional deficit of boxes of which there is already a shortage. This causes interruption in shipping finished products to consumers and difficulties in using new bottles arriving from glass plants. It is because of this that more than 300,000 new bottles, which were received by the Bobruyskiy Distillery back in 1980, have not been put into circulation. Glass containers delivered to the Pinskiy Distillery are not being fully used for the same reason. Here is the data for the end of this year's first quarter: the Lidapivprom Production Association had more than 500,000 unpacked bottles kept under open sky in sacks. The sacks gradually wear out and the glass containers spill out and break...

The law linking cause and effect comes into force. Due to a shortage of containers the plan for delivery of new bottles to the Polotskiy Distillery, for example, was reduced by 30 percent at its own request, idling in the bottling shop became a frequent occurrence after that...

As stated previously, proper conditions for storing containers have not been provided at many enterprises. They are being dumped in the yard and spoil as a result of precipitation. Last year, the Grodno Oblast Commodity Examination Bureau decided to write off a total of 20,300 wooden boxes, which became useless because they were kept in open storage areas for 3 and 4 years.

Many plants have not solved the question about selling broken glass. Such breweries as the Gomel'skiy, Lidskiy and Novogrudskiy as well as the Gomel'skiy, Polotskiy and Vitebskiy distilleries do not collect and weigh broken glass containers but dump them. The Pukhovichskiy Distillery began hauling broken glass to the Minskiy Building Materials Combine this January but without taking into consideration the value of broken glass or keeping records of how much breakage it had turned over.

Everything must be done to eliminate the above-norm reserves of commodity stocks not credited by the bank.

In order to correct the existing situation it is necessary to ensure as soon as possible that subordinate enterprises work out a list of measures for fulfilling established tasks on drawing above-norm and unused commodity resources into economic circulation, reducing the balance of uninstalled equipment and accelerating the turnover rate of working capital.

People's controllers will find that they can exert effort, energy and strength in all of this. The alert eye of sentinels should watch attentively over the state of reserves of commodity stocks at every enterprise, in every shop and every sector and not allow their surpluses and, most importantly, their losses. It is necessary to ensure that correct accounting of existence of such "immobilized" reserves is maintained everywhere. It is also high time for the Ministry of Food Industry to make strict demands on supervisors of enterprises who allow such scandalous mismanagement.

To insure the safety of socialist property and economical use of raw materials and other physical resources, it is necessary to look after the trustworthiness of accounting and proper conditions for storing all commodity stocks at enterprises, including containers, to organize complete collection and accounting of broken glass containers and to solve the question of their reuse.

9817

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROBLEMS IN DEVELOPMENT OF INDUSTRIAL COMMUNICATIONS NOTED

Moscow SOVETSKAYA ROSSIYA in Russian 5 Oct 82 p 1

[Article by O. Nesterov, deputy chief of a department of Gosstab's Main Administration of Control Automation and Communication Enterprises
[Soyuzkomplektavtomatika]: "Why the Telephones Are Silent"]

[Text] Communications equipment has grown from ordinary telephones and radio receivers to space satellites of the "Molniya" and "Orbita" systems in less than half a century. Each one of us comes into contact with this economic sector daily.

But, possibly, the most important function of communications in our time is management of production. Technological processes are adjusted and accidents are prevented with its aid. Communications help in increasing labor productivity and lightening its conditions.

However, experience proves that in many sectors the efficiency of communications equipment utilization can and must be higher. What hampers this? First of all, it is imperfection in the management of this important work. There are two ministries engaged in communications in this country; the USSR Ministry of Communications is responsible for its operation and the Ministry of the Communications Equipment Industry for the production of necessary facilities, instrumentation and equipment, which are used in general communications as well as at enterprises in all spheres of the national economy. But there is also a third, an unofficial branch--industrial communications.

The paradoxes begin namely here. First of all, this service is not only used but, strange as it may seem, created and served by all who need industrial communications. Practically all ministries and departments are users of industrial communication service. Quite naturally this situation cannot be regarded as normal. The solution is obvious: the USSR Ministry of Communications should be the only master. However, it is different in practice. A characteristic fact: at present the length of communication lines and channels that belong to various departments considerably exceeds that which is under the jurisdiction of the USSR Ministry of Communications. Moreover, individual sectors have their own communication service and are responsible for developing

it, there are plants which produce corresponding equipment and there are also those where no one is specifically responsible for it. There is only one explanation for such a situation: not a single central planning department has a subdivision to coordinate the solution of this problem. However, the USSR Ministry of Communications has established an interdepartmental coordination council which could solve questions related to the development of industrial communications.

A few words about technical supply of the subsector. Enterprises of the Ministry of the Communications Equipment Industry, first of all, engage in production that is profitable for them. Usefulness and necessity are secondary. For example, the output of automatic telephone exchanges was reduced severalfold during the past few years and quasioelectronic equipment is being supplied to users instead. The quality of this equipment is poor and quite often it is unreliable. But the cost of new exchanges equipped with it is several times higher. In comparing expenditures, one can often see that it will cost an enterprise less to construct a new shop than to put a new automatic telephone exchange in operation.

In converting to production of new equipment enterprises of the Ministry of the Communications Equipment Industry stopped production of many items which proved their excellence in the recent past. Let us, for example, take automatic telephone exchanges of the decade step-by-step systems. They have to be used at hundreds of enterprises for many more years. But how is one to get them to operate reliably if there are no spare parts anywhere because their production was simply stopped?

Apparently there is doubt whether one can count on essential changes in the organization of industrial communications until current tasks in managing the sector are solved. It is believed that organizing a special department in the USSR Ministry of Communications would be useful.

Specialists believe that organization of supply needs considerable improvement. The Ministry of the Communications Equipment Industry distributes communications equipment to users. Obviously communications equipment should be supplied to various spheres of the national economy in a centralized manner, through USSR Gosplan and USSR Gosstnab. There is another possible way: through direct agreements with supplier plants.

In short, there are more than enough urgent and acute problems in the sphere of industrial communications. I believe that in analyzing and solving them it will be useful to compare the situation of communications workers with transportation workers, who are serving the industry. Industrial transportation is represented by a subdepartment in USSR Gosplan, has a specialized scientific research institute of USSR Gosstroy, publishes a profiled journal and the Ministry of Railways has the Main Administration of Industrial Railway Transportation in operation...That all of these measures help in the balanced development of the subsector is readily understood. Industrial communications expects similar attention because successful work of enterprises depends in many ways on its efficiency.

9817

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PERSONAL CHECKING TO BEGIN IN 1983 ON TRIAL BASIS IN L'VOV AND KAUNAS

Moscow SOVETSKAYA KUL'TURA in Russian 26 Nov 82 p 3

[Article by P. V. Ryndin, chairman of the board, USSR State Workers' Savings Bank:
"A Zhiguli from the Savings Bank"]

[Text] The first savings banks in our country appeared 60 years ago, in December 1922. Their organization was based on the instructions of V. I. Lenin, on the need for as many credit establishments as possible, well-situated in the cities and villages.

Today, the USSR State Workers' Savings Bank is a major credit institution, which has at its disposal an extensive, well-developed system. Eighty thousand savings banks are in operation in the cities and rural areas. In the past year alone, they completed 2.8 billion monetary transactions in cash and accounting. They hold savings amounting to more than 167 billion rubles. And the resources accumulated by the savings banks are being directed toward the funding of the national economy. By making deposits the working people are taking an active part in carrying out the tasks of the nation's economic development.

Millions of people utilize the services of savings banks. There is undoubtedly no need to relate the advantages of such a method of saving money, nor of the traditional kinds of deposits which exist in our country. However, it is proper to speak of measures taken to improve the conditions for existing types of deposits, as well as introduction of new types. For example, in certain cities of the RSFSR, Ukraine and Moldavia, they have adopted time deposits with installment payments on an experimental basis. In many areas of the country depositors are afforded the opportunity to not only make deposits, but also to withdraw their savings at any savings bank.

Savings banks are receiving special-purpose deposits from workers engaged in construction and operation of the enterprises and projects on BAM, from the Southern Yakutiya coal complex, from the Yakutiya Almaz Association, and from the administration of the Vilyuy Hydroelectric Power Station Construction Company. The decision has been made to prepare to accept such deposits from the workers and employees of the Kuybyshev Automobile and Tractor Electrical Equipment and Carburetor Plant as well. Essentially, they work as follows: the depositor, over a period of three, four or five years transfers money to his account monthly, or makes cash deposits. When the established period is fulfilled, and the required sum is accumulated the savings bank issues the depositor a special-purpose check, which entitles him to purchase a passenger car from the automobile dealership at his permanent place of residence, without a waiting period.

In the Tajik SSR they are accepting premium deposits for automobiles. Interest on these deposits is paid in the form of lottery tickets for passenger cars. Drawings are held twice a year, in February and in August. In each drawing five Zhiguli automobiles are raffled off for every thousand accounts. Depositors have the right to participate in the drawing if their accounts contained not less than one-half the value of the vehicle for the six-month period preceding the drawing date.

It must be noted that receiving deposits and paying depositors are not the only functions of savings banks. In addition to this they distribute the bonds for USSR domestic state loans; they carry out the transactions for payment of checks; they receive various payments, and they carry out many other operations: in all, they render more than 60 types of services to the populace. Checking accounts are enjoying special popularity. They are also advantageous to the state, inasmuch as they help to improve the organization of currency.

This year, the USSR State Bank and Ministry of Trade made the decision to introduce check books. These will consist of ten checks, issued for the sum of 1,000 rubles. For settling a bill at a store, it will be sufficient for the purchaser to fill in one, or a number of checks in the amount of the cost of the goods. Experimental use of these books will commence next year in two cities--L'vov and Kaunas.

With every passing year the savings banks have an increasing amount of work in receiving payments for apartment rental, for municipal services, for electricity, gas and telephone service. Whereas up to 1963 there were in all 3,700 of the so-called credit cashiers in operation, today 50,000 savings banks are accepting all payments. Moreover, the depositor may pay by check; upon his instructions, the savings bank makes regular transfers from his account, of the appropriate sums at the proper time.

Savings banks do a great deal to serve those who hold loans. First of all the state, through these banks, realizes payment of debentures for subscription loans made by the populace prior to 1957. Secondly, they pay out the lottery winnings which fall to state bonds for specified loans, as well as the three per cent domestic lottery loan of 1966. As is well-known, the sale of bonds for this loan has been discontinued as of this year; however, those which the populace currently hold will continue to take part in the drawings, which will be held until 1986. Thirdly, savings banks distribute the bonds for the 1982 lottery loans. According to its conditions, incidentally, the holder of the bond which wins a prize of 10,000 rubles is entitled to purchase a Volga without a waiting period, while the winner of 5,000 rubles is entitled to purchase an automobile of the "Zhiguli" brand.

The government's decision on subordinating the administrative organs of savings banks to their corresponding local soviets, to the councils of ministers of union and autonomous republics, and to the higher organs of the system of the USSR State Workers' Savings Banks, is very important for improving the savings business in the country. And this undoubtedly will provide a higher level of savings business, strengthen the material-technical base, and improve the system of savings banks. And most important, it will create better conditions for serving the populace.

9006
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HOUSING AND PERSONAL SERVICES

INTERRELATION OF AMENITY-PROVIDING ENTERPRISES WITH RELATION TO BUDGETS

Moscow FINANSY SSSR in Russian No 8, Aug 82 pp 57-63

[Article by S.B. Kheyfets, chief of a department of the USSR Ministry of Finance: "The Interrelation of Domestic Service Enterprises With Their Budgets"]

[Text] The resolution of the USSR Council of Ministers of 25 September 1980 "On Regulating Formation and Utilization of Noncentralized Sources for Financing Capital Investments" establishes for domestic service enterprises as of 1 January 1981 a unified order for using profits from any type of activity. Their interrelation with the budget on payments from profits is being changed accordingly. Until now payments for funds to the budget were made only by enterprises under republic jurisdiction. Specialized domestic service enterprises transferred these payments--3 percent of the funds' value--to their higher organs, which, in essence, was a form of redistributing profits within the sector for expanding production. Payment for funds to the budget can now be introduced. According to instruction No 195 of the Ministry of Finance and USSR Gosplan of 30 November 1979, the amount is established for republic ministries by ministries of finance of union republics with the participation of republic ministries. As a rule, the payment norm may be set for highly profitable enterprises at 6 percent relative to 3 percent of production capital value for low-profit enterprises. The payment is calculated in percentage of value: fixed capital of balance value; above-norm stocks of noninstalled equipment at operating enterprises; standardized working capital, not credited by a bank.

Payment for leased fixed capital is collected from the enterprise on whose account it is listed. It is not paid for: production capital established on bank loans until it is completely paid off; funds of enterprises being put into operation during the period of development; fixed capital of experimental productions and enterprises temporarily closed by a decision of the USSR Council of Ministers or the council of ministers of a republic.

Norms of payment are changed and individual unprofitable enterprises are released from it by republic ministries, including ministries of consumer services in agreement with ministries of finance. It should be taken into account that a change in the norm or release from payment does not change the amount of economic stimulation funds, the domestic services development fund and the interrelation with budget.

Currently all domestic service enterprises pay spare balance of profits to the budget. The amount is confirmed by a higher organization and is provided for in the financial plan. To estimate the planned amount of spare balance transferred to the budget it is necessary, first of all, to distribute the profits according to a financial plan and a verifying staggered table.

Profits of enterprises of the Ministry of Consumer Services minus that which is left at their disposal by government decisions (for example, the consumer goods fund) are distributed as follows:

<u>Item</u>	<u>Planned profits</u>	<u>Above-plan profits</u>
Payment to budget for production capital		
Fixed payments		
Percentage for bank credits		
Make up the deficiency of own working capital	X	
Deductions at year-end to the material incentive fund of unused economy of the wage fund	X	
Deductions to the domestic services development fund, the material incentives funds, the production development fund		
Compensation for temporarily used economic stimulation funds during the past year for planned measures		X
Deductions to the financial aid fund		
Paying off bank credits for capital investments and expansion of production		X
Financing of state capital investments		X
Financing increase of own working capital		X
Payment of ZhKKh [housing and domestic services] losses and difference in the price of fuel		
Payment of socialist competition bonuses	X	
Payments of spare balance to the budget		

Thus profits, minus a part remaining at enterprises, are, first of all, used to pay for production capital and percentages for credit, for establishing

stimulation and domestic services development funds, for compensation of temporarily used economic stimulation funds during the past year for planned measures and for deductions to the financial aid fund. The balance of the amount is used to pay for expenditures in accordance with the financial plan and--in the form of spare balance--to the budget. The planned norm of deductions to the budget of spare balance is determined as a relation of spare balance payments established by the financial plan to the amount of planned profits minus the amount remaining at the disposal of an enterprise and used for aforementioned priority purposes.

During recomputation of payments to the budget from actual profits it is based on the amount of balance profits in the accountability period and planned percentage exclusion to the budget of the current year. Deductions to the budget are determined separately from planned and above-plan profits.

Some expenditures for financing economic activity are provided only in the financial plan and cannot be covered by above-plan profits. Included among them are increase of own working capital, financing of state capital investments, paying off bank credits for capital investments and expenditures for compensating for temporarily used economic incentive funds during the past year for planned measures. Payment of socialist competition bonuses, make up deficiency of own working capital, above-plan ZhKKh losses and above-plan difference in the price for fuel are paid off only by above-plan profits. Assets of the social and cultural measures and housing construction fund are used for above-plan expenditures for maintenance of cultural and personal service facilities and pioneer camps. The above-plan profits of enterprises of the Ministry of Consumer Services are distributed in the following order:

Payment to the budget for funds and percentages for credit, if actual amount of these payments is above the plan;

Making up the deficiency of own working capital, resulting from failure to fulfill the profits plan and consequent above-plan expenditures or early clearing off debts of Gosbank credits for making up the deficiency of working capital;

Additional deductions to the funds for developing domestic services for the population, material incentives, social and cultural measures and housing construction and developing production. At the same time, additional deductions to the funds can be made only within the limits of above-plan profits remaining after additional payments to the budget for funds, additional payment of percentages for credit and paying off bank loans, which were extended for temporary meeting of the deficiency of own working capital or paying off this by deficiency with above-plan profits; and

Payment of socialist competition bonuses, making up for above-plan ZhKKh losses and above-plan difference in the price for fuel for heating and supplying hot water to residential houses.

The balance of above-plan profits are withdrawn to the budget.

Let us cite computation examples of the spare balance of actual profits for the quarter--year. (See Table 1)

Table 1 (in thousands of rubles)

Item	According to plan	Example 1		Example 2		Example 3		Example 4	
		All	Includ- ing above- plan	All	Includ- ing above- plan	All	Includ- ing above- plan	All	Includ- ing above- plan
1. Profits minus special order use of specific purpose	340	352	12	329	--	360	20	321	--
2. Excluded from total profits:									
payment for production capital	72	74	2	70	--	71	--	73	--
percentage for credit clearing off bank loans for temporary make up of deficiency of own working capital	9	10	1	8	--	8	--	10	--
deductions to economic stimulation funds	--	6	6	--	--	5	5	--	--
(profits to pay awards based on results of the year	75	77	2	73	--	76	3	70	--
deductions to the ministry's reserves for rendering financial assistance	6	6	--	6	--	6	--	6	--
Total for item 2	167	178	11	161.5	--	172	9	163.5	--
3. Balance of profits (items 1-2)	173	174	1	167.5	--	188	11	157.5	--

[continued]

[Table 1 continued]

Item	Example 1		Example 2		Example 3		Example 4	
	According to plan	All	Includ- ing above- plan	All	Includ- ing above- plan	All	Includ- ing above- plan	All
3a. Savings from payment for funds and percentages for credit, subject to budget payment	--	--	--	5	--	4	--	--
3b. Balance of profits for distribution	173	174	1	162.5	--	184	11	157.5
4. Direction of these profits								
centralized capital investments	60	60		60		60		60
norm increase of own working capital	19	19		19		19		19
compensation of ZhKKh losses and losses of fuel supplied for heating residential houses	4	3.5		3.8		4		3
maintenance of cultural and educational institutions	3	3		3		3		3
socialist competition bonuses	--	6	1		5	5	5	
compensation of above-plan ZhKKh losses								
payment off credits extended for introduction of new equipment and increased output of consumer goods					2	2	2	
Total for item 4	86	91.5	1	85.8	--	93	7	85

[continued]

[Table 1 continued]

Item	Example 1		Example 2		Example 3		Example 4		
	According to plan	All	Includ- ing above- plan	All	Includ- ing above- plan	All	Includ- ing above- plan	All	Includ- ing above- plan
They pay off:									
a) with assets for distribution	24	25		25		25		25	
b) with profits of a given enterprise	62	66.5		60.8		68		60	
5. Spare balance of profits, subject to budget payment (items 3b-4b)	111	107.5		101.7		116	4	97.5	
6. Percentage of withdrawal of spare balance of profits $\left(\frac{\text{item 5X100}}{36}\right)$									
									64.1
7. Savings from payment for funds and percentages for credit (item 3a)				5		4			
8. Spare balance of profits, subject to budget payment (item 5+ item 7)				106.7		120	4		

Savings of enterprises from reducing the amount of payments for funds and percentages for credit against the plan does not increase above-plan profits. They cannot be used for additional deductions to the fund for domestic services for the population and do not remain with an enterprise to cover above-plan expenditures. The amount of savings for every type of payment individually increases the spare balance of profits, subject to budget payment. In calculation the spare balance in item 3 is reduced by the amount of these savings, whereas the amount subject to budget payment in item 8 is increased. Savings from payment for production capital funds and percentages for credit are introduced into the budget within the limits of actual balance of profits in item 3.

Enterprises and associations, which have allowed deficiency of own working capital and have not obtained additional profits from organizational and technical measures, do not direct above-plan profits to make up for the deficiency. It is covered by reduction of up to 30 percent of deductions from profits to stimulation funds.

Financial organs check calculations of planned amounts of spare balance and its recomputations of actual profits. Individual items of the financial plan are checked for this purpose. Let us examine calculations of some individual items.

A considerable amount of profits are used in domestic services to establish economic incentive funds. They are calculated on the basis of established norms.

Funds for economic incentive, social and cultural measures and housing construction are established in domestic service enterprises and organizations in accordance with the basic provisions, which were confirmed on 19 February 1981 for the 11th Five-Year Plan by the Bureau of the USSR Gosplan's Interdepartmental commission on questions of using new planning and economic stimulation methods. The amounts of these funds for 1981-85 and for the years of the 55 5-year plan were confirmed by ministries of consumer services of union republics. Within the limits of these amounts, ministries establish the amounts of funds for oblast (kray) administrations and associations, which in turn do the same for enterprises. For domestic service enterprises and organizations there are three fund establishing indexes--the volume of domestic services provided to the population, the overall amount of balance profits and the relative share of domestic services provided to the population in the overall amount of services provided. Economic incentive funds are made more specific in annual plans as well as during determination of actual deductions according to annual results and during the year. These funds are made more specific in annual financial plans, depending on surpassing or lowering of annual plan indexes against those confirmed in a 5-year plan for a corresponding year. The increase in the volume of domestic services provided to the population and the overall amount of balance profits are calculated as a running total from the beginning of the year to 1980 accountable data. Norms on increasing or reducing an economic incentive fund due to surpassing or lowering of fund establishing indexes in annual plans compared with 5-year plan tasks for a corresponding year are established as follows: for every point of surpassing (lowering) in the rate

of growth of the volume of domestic services provided--2 percent of the fund amount, provided for the year by a 5-year plan; for every point of surpassing (lowering) in the rate of growth of the overall amount of balance profits--1 percent of the amount of an economic incentive fund in a 5-year plan. For every point of change in the relative share of the volume of domestic services in the overall volume of the fund's services it is increased or reduced by 1 percent. In this manner the extent of change in one or another direction of the amount of an economic incentive fund during confirmation of annual plan is determined by multiplying the value of surpassing (lowering) of every fund establishing index in an annual plan against a five-year plan by a corresponding norm.

Let us give an example of calculating the economic incentive fund according to the plan for 1982.

<u>Norms for deductions to economic incentive fund (in percentage to current year's planned fund)</u>	<u>For every percentage of surpassing (lowering of the annual plan against the 5-year plan)</u>
For the volume of domestic services provided to the population	2.0
For the relative share of domestic services provided to the population in its overall volume	1.0
For the overall amount of balance profits	1.0

Initial Data for Calculation

<u>Item</u>	<u>Unit of measuring</u>	<u>Confirmed in FYP for 1982</u>	<u>Draft plan for 1982</u>	<u>Deviation (+ -)</u>
Volume of domestic services provided	percent to 1980 plan	115.0	117.5	+ 2.5
Relative share of volume of domestic services provided in overall volume of services	percent	80	81.6	+ 1.6
Overall amount of balance profits	percent to 1980 plan	119.0	121.2	+ 2.2
Economic incentive fund	in thousands of rubles	235		

Increasing the amount of the economic incentive fund by:

accelerating the growth in the volume of domestic services provided to the population according to a refined plan against the volume in the 5-year plan

$$\frac{2.5 \times 2 \times 235}{100} = R11,700$$

increasing the relative share in the volume of domestic services provided to the population in the overall volume of services

$$\frac{1.6 \times 1 \times 235}{100} = R3,700$$

accelerating the growth of profits in the 1982 plan against that which was envisaged in the 5-year plan

$$\frac{2.2 \times 1 \times 235}{100} = R5,200$$

Total increase of the economic incentive fund

$$11.7 + 3.7 + 5.2 = R20,600$$

Thus, this fund in the plan for 1982 will be expressed in the amount:

$$235 + 20.6 = R255,600.$$

The social and cultural measures and housing construction fund is increased or reduced according to the stable norm--30 percent of the economic incentive fund. In our example it will be increased in the 1982 plan against that which was envisaged in the 5-year plan by R 6,200 $\left(\frac{20.6 \times 30}{100}\right)$.

The funds are being formed somewhat differently during the year based on actual fulfillment of the plan for fund establishing indexes. When it is overfulfilled, the economic incentive fund is allocated additional deductions from actual profits according to confirmed norms, reduced by 30 percent. When it is underfulfilled, the deductions are reduced according to stable norms, increased by 20 percent. The economic incentive fund changes according to these factors for every fund establishing index.

Here is a model calculation of the economic incentive fund of an enterprise for the year (for half a year and 9 months).

<u>Norms of deductions (in percentages to the current year's planned economic incentive fund)</u>	<u>For every percent of</u>	
	<u>Overful- fillment</u>	<u>Underful- fillment</u>

For the volume of domestic services provided to the population	1.4	2.4
--	-----	-----

For the relative share of the volume of domestic services provided to the population in the overall volume of services	1.0	1.0
--	-----	-----

For the overall volume of balance profits	0.7	1.2
---	-----	-----

See Table 2 for calculation data.

Table 2. Initial Data for Fund Calculation (in thousands of rubles)

<u>Item</u>	<u>First half of the year</u>			<u>9 Months</u>		
	<u>Plan</u>	<u>Account</u>	<u>Deviation +,-, per- cent of ful- fillment</u>	<u>Plan</u>	<u>Account</u>	<u>Deviation +,-, per- cent of ful- fillment</u>
Volume of domestic services provided	4100	4161	+ 1.5	6212	6336	+ 2
Relative share of the volume of domestic services provided to the population in the overall volume of services, percent	80.5	81.2	+ 0.7	81.3	81.8	+ 0.5
Overall volume of balance profits	416	425	+ 2.2	610	604	- 1.0
Deductions to the fund according to financial plan from beginning of year	120	X	X	185	X	X

Calculation of Economic Incentive Fund

Increase (reduction of deductions to the fund due to plan overfulfillment (nonfulfillment))

	First half of the year	9 months
For the volume of domestic services provided to the population	$\frac{1.5 \times 1.4 \times 120}{100} =$ + R2,500	$\frac{2 \times 1.4 \times 185}{100} =$ + R5,200
For the relative share of the volume of domestic services provided to the population in the overall volume of services	$\frac{0.7 \times 1 \times 120}{100} =$ + R800	$\frac{0.5 \times 1 \times 185}{100} =$ + R900
For the overall volume of balance profits	$\frac{2.2 \times 0.7 \times 120}{100} =$ + R1,800	$\frac{-1 \times 1.2 \times 185}{100} =$ - R2,200
Total	$2.5 + 0.8 + 1.8 =$ + R5,100	$5.2 + 0.9 - 2.2 =$ + R3,900
Deductions from profits to the economic incentive fund	$120 + 5.1 =$ R125,100	$185 + 3.9 =$ R188,900

When an enterprise fails to fulfill its quarterly plan for the volume of domestic services to a rural area and its plan for the most important kinds of domestic services and when facts are revealed of appropriation of gains, the amount of economic incentive fund provided for in the financial plan for a corresponding period is reduced. The extent of reduction of deductions to this fund, differential depending on the quantity of most important kinds of domestic services and facts of appropriation of gains, is determined by ministries of consumer services of union republics in agreement with trade union committees.

Ministries of consumer services of union republics establish reserves within the limits of the sum total of economic incentive funds and oblast and kray administrations establish centralized incentive funds. The reserves and centralized funds may not exceed 15 percent of the amount of each fund for the ministry as a whole. Within the limits of planned amounts of centralized economic incentive funds, oblast and kray administrations allocate separate amounts of economic incentive funds for administration personnel as follows: the economic incentive fund--no more than 35 percent of total personnel salaries and social and cultural measures and housing construction fund--no more than 10 percent of the economic incentive fund.

Depending on the change in fund establishing indexes adopted in annual plans (the volume of domestic services and profits and the relative share of domestic services provided to the population in the overall volume of services)

against the 5-year plan, the amount of the economic incentive fund confirmed for personnel of oblast and kray administrations in the 5-year plan can be increased or reduced as follows: the economic incentive fund--according to stable norms and the social and cultural measures and housing construction fund--10 percent of the increase of the economic incentive fund.

Economic stimulation funds of subsidized and unprofitable enterprises change depending on surpassing (lowering) indexes for the volume of domestic services provided to the population and the cost per ruble of this volume as well as on changes in the relative share of domestic services provided to the population in the overall volume of services and production.

Norms for increasing (reducing the economic incentive fund are as follows:

for every point of surpassing (lowering) the rate of growth in the volume of domestic services, as a rule--2 percent of the amount of the economic incentive fund, provided in the 5-year plan for a corresponding year;

for every 10th of 1 percent of lowering (surpassing) the cost per ruble in the volume of provided services--0.5 percent of the planned amount of the fund.

Economic incentive funds are increased with the limits of savings from reduction in losses in the annual plan compared with the amount provided for in the 5-year plan or from reserves or the centralized fund if there is a shortage of such means.

When plans are overfulfilled by these enterprises during the year, the incentive funds are increased according to stable norms reduced by 30 percent and when they fail to fulfill them the funds are reduced according to norms increased by 20 percent.

The fund for developing domestic services for the population is formed by deducting 7.5 percent from actual profits of domestic service enterprises less the amount retained by them and used in a special manner (consumer goods fund etc.) and payment for funds and percentages for credit. Means of the development fund are used above the planned limits of state capital investments for technical retooling measures, reconstruction and expansion of operating enterprises, improvement of workers labor and expansion of receiving centers of domestic service enterprises. They may not be used for clearing off bank loans, increasing and replenishing own working capital, paying bonuses for the production of new goods and rendering new kinds of services.

Unlike before, the increase of own working capital in domestic services at present is financed by general resources of the financial plan and is insured by fixed liabilities and profits. Bank loans can be paid off with means from the production development fund and profits.

Domestic service enterprises have considerable reserves for increasing production of consumer goods through more efficient use of industrial byproducts and local raw materials. In 1981 benefits for forming the consumer goods fund from profits gained by producing goods from byproducts and local raw materials were

expanded. This fund is established by enterprises regardless of departmental jurisdiction, producing consumer goods from industrial byproducts of their own and other enterprises, if the value of byproducts reaches 50 or more percent of the value of all raw materials used in producing such goods.

Deductions to the consumer goods fund from actual profits when profitability is up to 25 percent are made completely, when it is over 25 percent then it is half of the amount.

The consumer goods fund is also increased by deducting 15 percent of profits from the sale of consumer goods made of local raw materials when profitability is 25 percent. The balance of these profits are distributed in the same order as profits from basic production.

Let us give examples of calculations of deductions to the consumer goods fund.

In example 1 all profits in the amount of R48,700 are included in the consumer goods fund; in example 2--

$$61.6 \left(\frac{25 \text{ percent} \times 224}{100} + \frac{5 \times 224}{100 \times 2} \right) ;$$

and in example 3--profits are not included in the consumer goods fund because the relative share of byproducts is less than half.

In calculating the consumer goods fund in example 2, first of all, the amount of profits is determined from which deductions are made to the fund when profitability is 25 percent; 15 percent from the profits are included in the fund.

I. Formation of Consumer Goods Fund From Profits Gained by Producing Goods Made of Industrial Byproducts
(in thousands of rubles)

Item	Example 1	Example 2	Example 3
Value of raw materials and materials used in production of goods, less auxiliary materials including:			
value of byproducts	72.5	88	63
relative share of byproducts in the overall value of raw materials and materials, percent	50	55	46
production cost of goods made of byproducts	203	224	--
profitability	24	30	20
Profits	48.7	67.2	--

II. Formation of Consumer Goods Fund by Producing Goods Made of Local Raw Materials (in thousands of rubles)

Item	Example 1	Example 2
Production cost of marketed goods made from local raw materials	145	145
Profits from their sale	36,3	46.4
Profitability	25 5.44	32 5.44
Profits included in consumer goods fund	$\frac{36,3 \times 15}{100}$	$\frac{145 \times 25 \times 15}{100}$

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HOUSING AND PERSONAL SERVICES

ASHKHABAD INTERCITY TELEPHONE SERVICE DESCRIBED

Ashkhabad TURKMENSKAYA ISKRA in Russian 19 Oct 82 p 4

[Article by the Ashkhabad Telegraph-Telephone Station and the Turkmen Agency for Trade Publicity: "Attention Subscribers of the Telephone Network of the City of Ashkhabad!"]

[Text] Esteemed residents of Ashkhabad and visitors of the capital of Turkmenistan!

Subscribers of ATS--2, 3, 4, 5, 9 of Ashkhabad can use the dial telephone system. We ask you to carefully acquaint yourself with the codes of the cities and study the rules for their use.

For calls from Ashkhabad subscribers of other cities on the intercity dial telephone system must:

--dial the numbers "89" (outgoing on AMTS), and then dial in succession;

--the code of the city which you are calling; the telephone number in the city which you are calling; the telephone number from which you are calling.

We recommend that before using, you write down the necessary codes and numbers of the subscribers whom you are calling.

We are informing you of the codes of the cities, with which there is dial telephone service from Ashkhabad. For convenience the missing zeros (up to 7) are taken into account in the city codes:

Name of City	Outgoing on AMTS-Ashkhabad	Code	Telephone Num- ber Called	Information Bureau
Alma-Ata	89	3270	XXXXXX	695122
Bezmein	89	2110	XXXX	-
Bayram-Ali	89	2662	XXXX	2633
Geok-Tepe	89	24403	XXX	307
Dushanbe	89	37723	XXXXXX	222222
Krasnovodsk	89	432000	XXXX	2222
Kaakhka	89	237	XXXXX	-

Name of City	Outgoing on AMTS Ashkhabad	Code	Telephone Num- ber Called	Information Bureau
Moscow	89	095	XXXXXXX	-
Mary	89	37000	XXXXX	22222
Namangan	89	36900	XXXXX	62222
Nebit-Dag	89	210	XXXXX	21508
Novosibirsk	89	3832	XXXXXX	224541
Samarkand	89	36600	XXXXX	32222
Sverdlovsk	89	3432	XXXXXX	209111
Tashkent	89	3712	XXXXXX	412222
Termez	89	376000	XXXX	2222
Tashauz	89	360000	XXXX	-
Urgenn	89	36222	XXXXX	62222
Fergana	89	37300	XXXXX	42222
Chardzhou	89	378000	XXXX	2222

The number of symbols XX...indicates the number of ciphers in the telephone number of the other city.

The length of the call is established automatically. On workdays from 6 p.m. to midnight and from midnight to 7 a.m. local time (except holidays and days off) a use tariff is in effect, the payment of which is 25 percent less for calls than during the normal tariff period.

Regarding questions of computation for calls on credit, you should telephone the computation group: Nos 5-13-19, 9-19-41 and 9-34-72.

Payment for calls on credit from a rental telephone is made in any savings bank in Ashkhabad, and also in the computation group of the telegraph-telephone station at 16 Engel's Ulitsa and in the post office system.

We strongly urge that you make timely payment of intercity calls. In case of nonpayment during the course of a month, an enterprise has the right to stop the use of the telephone.

Please--preserve your intention to use the intercity dial telephone system.

Information about the regulations for using the intercity dial telephone service can be obtained by telephone Nos 5-13-54.

If you do not have a telephone, you can use the intercity telephone automat, located at the following addresses:

34 Engel's Ulitsa (Home of "Ovadan" way of life); 74 Sovoda Prospekt ("Ashkhabad Hotel"); the airport, post office No 8; the "Turkmenistan" Inn, 19 Gogol'; the "Kolkhozchi Inn, 13 Engel's; the central trunk-line office; post office No 25; post office No 28.

12198

CSO: 1827/17

CONSUMPTION TRENDS AND POLICIES

DEPUTY TRADE MINISTER ON PROBLEMS IN SATISFYING CONSUMER DEMAND

Moscow SOVETSKAYA TORGOVLYA in Russian No 10, Oct 82 pp 2-6

[Article by S. Sarukhanov, USSR deputy minister of trade, Moscow: "By Common Effort"]

[Excerpt] As is well known, in 1981 the CPSU Central Committee and the USSR Council of Ministers adopted special measures to increase the production of necessities and consumer goods, which will make it possible to more fully meet the population's demand for many goods during this five-year plan.

The constant attention of the party and the state to an expansion of industrial and agricultural production and to an increase in the population's monetary income creates a firm basis for the further improvement in the people's well-being.

This was reflected in the dynamic growth of trade turnover, which increased 2.6-fold in 1980 as compared with 1965. The sale of clothing, fabrics and footwear increased 1.4-fold. The population's provision with durable goods per 100 families increased as follows: television sets, from 24 to 85; radio receivers and radio-record players, from 59 to 85; refrigerators, from 11 to 86; watches, from 319 to 518.

At the same time, as is well known, the demand for many goods is not yet met and trade in them is still irregular. These are so-called scarce goods. They include cotton fabrics and clothing from them, bed linens, soap, individual types of footwear, timber and building materials, electrical appliances and some other necessities and consumer goods.

Assignments by years of the 11th Five-Year Plan have been established for the production of these goods and constraint control is exercised over their fulfillment.

It should be noted that, owing to the adopted measures, the range of goods, for which the population's demand has begun to be better met than 1 or 2 years ago, has expanded somewhat. They are synthetic detergents, coats, suits, shirts, clothing and footwear for children, women's toilet articles, socks, women's elastic stockings, children's tights, television sets, refrigerators, toothbrushes, toothpaste and powder, bulbs, cosmetics and a number of other goods.

At the same time, the sale of some types of clothing, carpets, carpet articles, kerchiefs, jewellery, watches, individual types of refrigerators, television sets and so forth has slowed down on the market. An analysis of the reasons for this shows that a number of enterprises are slow in reorganizing themselves for the production of goods in an assortment corresponding to the changed demand and trade organizations do not manifest proper persistence and efficiency in affecting the industry to produce goods necessary for the population and to improve the forms of trade organization.

Our task is to see to it that industrial and trade workers fundamentally reorganize their work in the shortest period so that the production of these goods may more fully meet consumer demand.

A successful fulfillment of these tasks depends to a significant extent on the joint work of industry, agriculture and trade. The first positive results of work on bringing the assortment structure of production of goods in line with the population's demand are already evident. In coordination with trade the assortment of sewn and leather goods worth more than 500 million rubles was changed during the first 6 months of this year, which made it possible to increase the production of jackets, raincoats, topcoats and short coats from artificial fur and various articles from cotton fabrics through a reduction in the output of men's and women's coats with natural fur collars. A significant increase in women's handbags and in travel bags from leather substitutes is also envisaged. In accordance with the population's changed demand the industry for the production of jewellery will deliver goods worth 700 million rubles based on new orders of trade organizations to trade this year.

Trade bodies have begun to pay more attention to the activation of the sale of goods whose sale has been slowed down. In particular, further work on the specialization and concentration of trade in goods of a complex assortment has been done and new stores and sections for trade in clothing, carpets, carpet articles, pure wool kerchiefs, jewellery and some other goods have been opened. The list of goods sold on credit has been expanded and measures to develop commission trade and to improve the advertisement of goods have been taken.

An overall program of actions aimed at a fundamental improvement in trade and a fuller satisfaction of the growing needs of the Soviet people was defined by the decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures for the Further Development of Trade and Improvement in Services for the Public During the 11th Five-Year Plan."

It notes that the attained level of development of trade and of the quality of trade services still lags behind the growing needs of the population and modern requirements placed on the sector and defines specific ways of improving trade services.

During the 10th Five-Year Plan the population's active demand for many goods ensured an annual increase in retail trade turnover worth 11 to 12 billion rubles. During the 11th Five-Year Plan it should increase by 23 percent and total 345 billion rubles in 1985. At the same time, higher rates of growth are envisaged in the republics of Central Asia and the Transcaucasus and in the regions of Siberia and the Far East, which will contribute to an approximation of the levels of trade turnover and consumption in the country's various regions.

As during the preceding 5-year period the per-capita sale of goods to the rural population will grow at outstripping rates as compared with the urban population.

The structure of popular consumption will be improved. Among nonfoodstuffs the sale of goods for cultural-general purposes and for household use will proceed at outstripping rates (the sale of clothing, fabrics and footwear will be increased by 25 percent and of goods for cultural-general purposes and for household use, by 40 percent).

However, it should be noted that in contrast to past years in 1982 the trade turnover plan is fulfilled with great strain. Along with shortcomings in trade organization the lack of necessary goods is the main reason for this.

The industry does not fulfill its obligations to trade in the delivery of goods both as a whole and, especially, with respect to the assortment.

Fabrics, clothing and footwear worth 200 million rubles were not delivered during the first 6 months of this year. Assignments for the production and delivery of necessities and consumer goods established by the pertinent decrees of the CPSU Central Committee and the USSR Council of Ministers are not fulfilled completely. During 5 months of 1982 out of 96 types of articles production plans have not been fulfilled for 31.

This is for the country as a whole. In individual republics and industrial ministries the situation is even worse. For example, in the Kazakh SSR out of 29 types of goods production plans have not been fulfilled for 15, in the Georgian SSR, out of 20, for 9, in the Azerbaijan SSR, out of 22, for 11, in the Ministry of Aviation Industry, out of 16, for 6, in the Ministry of Chemical Industry, out of 9, for 4, in the Ministry of Machine Building for Light and Food Industry and Household Appliances, out of 15, for 7 and so forth.

A considerable amount of delivered goods fail to meet delivery dates and to correspond to the assortment agreed upon. Often many industrial enterprises try to ensure an annual increase in production mainly through an increase in the output of expensive articles and a rise in the average retail price with a reduction in the number of articles. Cases of correction by industrial ministries of plans for the production and delivery of goods without coordination with trade bodies are not isolated.

Of course, all this leads to a loss of commodity resources, which greatly complicates the process of the population's provision with necessary goods. For the fullest satisfaction of the population's demand and fulfillment of the trade turnover plan industrial ministries and local economic bodies must ensure a strict fulfillment of plans and assignments and systematically search for additional commodity resources in accordance with the population's demand. Trade organizations and enterprises, primarily wholesale ones, must greatly improve commercial activity, organize regular trade in goods available at depots and warehouses and introduce active forms of their sale.

Trade is justly criticized for errors in the determination of demand, for its insufficient effect on the formation of the assortment, for the lack of proper persistence in seeing to it that the planning of the production of consumer goods

strictly depends on trade and on the consumer and for a conciliatory attitude toward cases of reduction or discontinuation of the production of individual goods without coordination with it. Many of these shortcomings must be ascribed to the work of the wholesale link, which plays an important role in an increase in the production of goods and in an improvement in supply for retail trade.

The duty of the wholesale link is to more actively affect the formation of the assortment, to ensure strict control over the fulfillment of the plans for the deliveries of goods in an assortment and to regularly supply them to stores.

Unfortunately, today almost 70 percent of the light industry enterprises produce goods with a breach of delivery contracts. In June 1982 the USSR Ministry of Trade together with the USSR Ministry of Light Industry held a joint board meeting, at which measures to improve commercial work in trade, to increase the efficiency of the sector's management and to ensure the fulfillment of the orders of trade organizations by industry were determined.

In particular, an assignment for a change in the assortment of goods in accordance with demand based on the production plan for the second 6 months of this year in the amount of 2 billion rubles was established for the ministries of light industry and the ministries of trade of the Union republics.

At the same time, it should be stressed that bringing the assortment in line with demand is not only the business of central, but in large measure of local, economic bodies. Therefore, it is necessary to greatly increase the responsibility of enterprises and wholesale depots for the performance of this work and for a strict observance of contractual discipline in the deliveries of goods.

On 1 July 1982 the wholesale depots and offices of the ministries of trade of the Union republics were transferred to a new procedure of economic incentives depending on their fulfillment of delivery contracts in an assortment based on the approved products list in accordance with contracts concluded with stores, department stores and other retail trade enterprises. Thus, wholesale organizations are now responsible both for the fulfillment of general volumes of deliveries and for specific assortment items of goods stipulated in contracts.

Experience shows that, where specific daily work on an increase in the production, expansion of the assortment and improvement in the quality of goods is carried out locally, the plans for the deliveries of goods in terms of volume and assortment are fulfilled more successfully and the population's needs for various goods are met more fully and better.

A great deal is done to improve business cooperation between trade and industry in Moscow, Leningrad, Sverdlovsk and Chelyabinsk Oblasts, Maritime Kray, the Ukraine, Belorussia, Latvia, Lithuania and other regions in the country. For example, a special decision by the Executive Committee of the Leningrad City Soviet of Workers' Deputies established assignments for an increase in the production of new and improved goods and for a rise in the technical level and quality of articles for every enterprise for the 11th Five-Year Plan. The implementation of these measures will make it possible to obtain additional goods worth about 70 million rubles and to renew the assortment of articles almost 20 percent this year.

The conclusion of cooperation agreements between trade and industry enterprises and the development on their basis of a movement with the slogan "Made Excellently, Sold Excellently" have acquired great importance in their joint work. The business cooperation between the collective of the Chelyabinsk Trade Center and the oblast's industrial enterprises deserves attention. As is well known, local party and Soviet bodies and the Komsomol initiated it. There in 3 years the return of inferior goods decreased to one-fifth and the volume of output with the state Badge of Quality increased sevenfold. This movement is also well developed in Maritime Kray in the RSFSR. Whereas in 1978 a total of 74 cooperation agreements among the kray's industrial enterprises were concluded, in 1981 a total of 144. As a result of this work in 1981 the kray's enterprises introduced 394 new clothing styles into production, the renewal of the assortment in all enterprises comprised 71 percent and 215 sewn articles with the state Badge of Quality were manufactured, which comprised 24.5 percent of their total volume.

One of the main requirements of the times--to work for final results and to see in front of our eyes not only percentage, rubles and grades of merchandise, but mainly our Soviet customer with his versatile needs--was accumulated in this form of relations between trade and industry.

The practical experience of the coordinating center, which unites the Baltic Republics, Belorussia and Moldavia, can also serve as a positive example. The establishment of this center has opened up big possibilities for an increase in the output of goods, renovation of the assortment, production specialization and a better utilization of potentials. Here are the results: In 1981 five times as many new goods were developed as in 1976.

An increase in the output of goods requires a constant improvement in the very mechanism of planning the production of consumer goods.

The point is that a number of enterprises in the chase after plan fulfillment still continue to work not for a specific customer. For example, the production of enameled steelware in the country in the last 3 years of the 10th Five-Year Plan in terms of its total increased by 12 percent, but in physical indicators decreased by 17 percent, or by 38 million items. In 1981 as compared with 1980 the production of furniture in terms of its total increased by 5.5 percent and the output of chairs, stools and beds decreased.

The output of high-quality dishes also increases annually, but at the expense of costly articles made of crystal, while the production of ordinary glasses, carafes and wine glasses, which are cheaper but necessary in everyday life, does not increase.

All this creates a lack of balance between supply and demand both in terms of the volume of production of goods and their assortment.

The USSR Ministry of Trade submitted proposals for an expansion of the list of goods proposed for planning in physical indicators to the USSR Gosplan and industrial ministries. Unfortunately, many of these proposals have not yet been adopted.

As has already been noted, cases of introduction of changes by industrial ministries and enterprises in production plans and of removal from production or reduction of the output of goods without coordination with trade do great damage to customers' interests.

For example, in 1981 the USSR Ministry of Ferrous Metallurgy often changed quarterly plans for the production of enameled steelware worth about 4 million rubles. As a result, the production plan was fulfilled during three quarters, while the delivery of this ware to trade throughout the year was disrupted, which caused difficulties in the satisfaction of the population's demand for this commodity.

In 1982 alone, as compared with the preceding year, the production of goods at enterprises located in the RSFSR was reduced by 25 million rubles, in the Ukrainian SSR, by 1.8 million rubles and in the Turkmen SSR, by 5.3 million rubles.

Behind these figures there are many consumer goods necessary for the population. For example, the Tyumen Plant of the Ministry of Machine Tool and Tool Building Industry discontinued the production of 18,000 can openers, the Priluki Plant of the USSR Ministry of Construction, Road and Municipal Machine Building, of 33,000 smoothing boards and so forth.

The population has many complaints in connection with the absence of spare parts, accompanying articles and accessories on the market.

For example, motor spare parts worth 35 million rubles were underdelivered to trade last year. The disproportion formed between the volumes of production and sale of spare parts and the pool of motorcycles among the population has led to the fact that today 300,000 heavy-type motorcycles are out of order and idle. They belong mainly to rural workers--livestock breeders, machine operators and agronomists.

Nor have accompanying articles, for example, film and photographic paper for photographic and movie cameras, been produced sufficiently in the last few years. It is not accidental that largely because of this trade organizations did not purchase 800,000 photographic and movie cameras at the fair for the wholesale of these goods for 1983.

We believe that the USSR Gosplan, the USSR Gossnab and head ministries must finally solve the problem of the output of accessories and spare parts, because their absence on the market lowers the consumption of individual goods.

Many problems with the packaging of a number of household goods and building materials arise. The delivery of window glass weighing from 200 to 800 kg, of nails in boxes and barrels weighing from 60 to 80 kg and so forth to stores is totally unsuitable for trade, because it extremely hampers the acceptance of such goods, lowers the standard of services and leads to an inefficient placement and expenditure of the resources of these goods.

It is also necessary to improve the population's provision with orchard and garden implements and small-scale mechanization equipment in accordance with the tasks set by the May (1982) Plenum of the CPSU Central Committee for the realization of the food program.

The gap between the demand for and supply of most items (pruners, sprayers, garden shears, ladders and so forth) is not yet being reduced. The production of small-scale mechanization equipment for sale to the population has not been organized to this day.

The local industry of the Union republics should occupy an active position in the solution of problems of a fuller provision of the market with goods. As is well known, it is called upon to primarily meet the population's needs not with goods of a complex assortment, but with goods extremely necessary in everyday life.

Often, however, the capacities of this industry are occupied with the production of various products for nonmarket purposes, whose share in individual republics comprises from 20 to 30 percent. This led to the fact that the production of goods for cultural-general purposes and for household use in the total volume of output by local industry enterprises was reduced from 15 percent in 1970 to 9.5 percent in 1982 and the need for these goods, especially the simplest ones, is not met.

An efficient utilization of production waste is also an important potential for an increase in commodity resources.

There are now 153 "Yunyy Tekhnik" [Young Technician] stores in state trade. This means that not in every republic and oblast center there are such stores and, where they exist, they are negligibly small. For example, one "Yunyy Tekhnik" of a trade area of 20 square meters operates in the Armenian SSR, two, 35 square meters each, in the Moldavian SSR, one, 38 square meters, in the Kazakh SSR and there is not a single such store in the Kirghiz, Turkmen and Estonian Union Republics. The experience of Leningrad, where three specialized stores form part of the Yunyy Tekhnik Association, deserves to be popularized. This association receives goods and production waste from more than 100 enterprises worth more than 4 million rubles annually. "Yunyy Tekhnik" stores make it possible to obtain additional resources of goods and to more efficiently utilize production waste and substandard radio parts and contribute to the development of labor skills in children.

The joint work of trade with industry on the study of demand and on the adoption of managerial decisions is of ever greater importance for the solution of commodity problems in the country.

The study of market needs, search for potentials for their fuller satisfaction, improvement in the assortment of goods and increase in their output are the common tasks of both trade and industry, which must be under control at all the levels of management of these sections.

Now in trade there are about 10,000 services for the study of demand and in industry, approximately 3,000.

The activation of the work on the study of demand and the strengthening of cooperation between trade and industry in these matters have a positive effect on an improvement in the assortment and quality of goods and on the satisfaction of the population's needs.

The development and introduction of the system of comprehensive study of the population's demand within the framework of the joint program of trade and industry will contribute to a rise in the level of planning and management of the production and sale of consumer goods.

However, this work requires further improvement and increased attention to it on the part of both trade and industry, in particular through the strengthening of demand services and the development of firm trade.

The 26th CPSU Congress especially stressed the need to raise the level of requirements for the quality of output at all the stages of production. "I believe," Comrade Leonid Il'ich Brezhnev said, "that it must be the highest. Correspondence to the best world and domestic models--we cannot and must not agree to anything less."

In the last few years industry has done a great deal to expand the assortment of produced articles, to improve their quality and to raise their technical level.

Today about 88,000 various items produced by almost 9,000 enterprises have been awarded the highest quality category. Of this quantity light industry accounts for about one-half of the articles.

The Moscow Sokol Sewing Association, the Moscow Zarya Association, the Kiev Kiyevlyanka Knitwear Factory, the Yerevan Masis Footwear Association and others attained good indicators.

At the same time, in a number of cases technological discipline is still breached and the requirements of standard-technical documents are not observed in the process of manufacture of goods.

In practice, the percent of rejection of individual goods is not lowered and is still quite high.

Throughout the country out of the checked number of shoes one out of ten pairs is rejected and out of the checked sewn articles, one out of 14. One out of three television sets and one out of six tape recorders are subjected to warranty repairs.

In the first quarter of 1982 the USSR State Committee for Standards deprived 63 items of the enterprises of the Ministry of Light Industry of the state Badge of Quality.

This indicates that individual enterprises do not yet utilize all the means in the campaign for the output of high-quality goods and do not fight for the prestige of the brand of their enterprise and trade poorly uses its rights to control the quality of consumer goods.

The conclusion of 5-year agreements between the main administrations of the USSR Ministry of Trade (wholesale organizations of the ministries of trade of the Union republics) and industrial associations (main administrations of the ministry) is a new form of relations between trade and industry. Five-year agreements are important tools in the development and improvement of the economic mechanism contributing to the further strengthening of the state discipline of deliveries and increase in mutual responsibility for the fulfillment of planned assignments for the renewal of the assortment and improvement in the quality of consumer goods.

The main administrations of the USSR Ministry of Trade have now concluded 5-year agreements with the main administrations and administrations of the USSR Ministry of Light Industry and part of the agreements are at the stage of coordination with other ministries.

This work is also done in the Union republics, where about 200 agreements have already been concluded. However, it is not done quite actively in all the republics. Whereas more than 50 agreements have now been concluded in the Ukrainian SSR, only three, in the Belorussian SSR, only one, in the Uzbek SSR and only one, in the Azerbaijan SSR.

The concluded 5-year agreements envisage a gradual refinement in the assortment, its renewal and improvement in the quality, packaging and labeling of goods. On the basis of these agreements industrial and trade enterprises conclude annual delivery contracts. The output of goods at the contractual prices agreed among them is an important condition for the renewal of the assortment of goods. The first batches of goods received for sale indicate that this is a distinctive impetus for the activation of the work on the expansion of the assortment and for the output of new modern articles with improved consumer properties in small series and, most importantly, in demand by the population. It must be more widely utilized and, first of all, the best industrial enterprises, firm stores and large trade enterprises must be enlisted in this work.

The USSR Ministry of Trade has now worked out recommendations for the opening of stores for the sale of fashionable and ultrafashionable goods in Moscow, in Leningrad, in the capitals of the Union and autonomous republics and in kray and oblast centers.

Of course, the conclusion of 5-year agreements both for industry and trade is a new endeavor. Therefore, it requires the closest attention at all the levels of management.

An important role in the joint work with industry on the mastering and introduction of new goods into mass production is assigned to the all-Union Soyuzpromvnedreniye Association of the USSR Ministry of Trade and to its affiliates in the Union republics. In 1981 this association organized about 900 exhibits, where 52,000 models of consumer goods were proposed for mastering. About 9,000 out of them were picked for mastering. However, practice shows that industry masters only 35 to 40 percent of the accepted models for output and only a negligible number of new goods are introduced into mass production. Trade must intensify control over the mastering of new goods and manifest more persistence.

The all-Union seminar of managers of party, Soviet and economic bodies of the Union republics held by the CPSU Central Committee in Sverdlovsk in July of this year was a new striking manifestation of the party's tireless concern for the people's well-being and for a fuller satisfaction of the growing needs of the Soviet people.

The discussion of the problems of development of consumer goods and improvement in their quality and assortment at such a prestigious conference will undoubtedly have the most fruitful effect on a successful solution of this problem, which will be of great importance for the implementation of the social and economic program adopted by the 26th CPSU Congress.

The joint efforts of trade and industry to increase the production of goods and to improve their quality and assortment and trade services for the public are an important condition for this.

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CONSUMPTION TRENDS AND POLICIES

GOSBANK OFFICIAL ON CREDITS FOR LIGHT, FOOD INDUSTRY

Moscow DEN'GI I KREDIT in Russian No 8, Aug 82 pp 19-24

[Article by L.G. Tokareva, chief of the Crediting Light and Food Industry Administration of the Kazakh Republic Office of the Gosbank: "On the Effectiveness of Credit of Payments"]

[Text] To ensure prompt payment for production, delivered according to concluded agreements, the USSR Gosbank and the USSR Bank for Financing Capital Investments pay on accepted payment documents on time on the basis of credit of payments granted to them when buyers temporarily lack funds.

The issuance of payment credit has made it possible for many economic organs to accelerate payments. For example, in the Kazakh SSR as a whole the average balance of overdue debts to suppliers in 1981 compared with 1979 was reduced by 25.8 percent. The relative share of short-term bank loans which were not paid off by economic organs on time was also reduced. This index amounted to 5.7 percent in 1981 compared to 7.1 percent in 1979.

The indebtedness to suppliers on payment documents not paid on time by 1 January 1982 compared to 1 January 1980 was reduced by enterprises of the Kazakh SSR Ministry of Light Industry from R250,000 to R122,000 and of the Ministry of Food Industry from R917,000 to R498,000. The indebtedness of buyers on goods shipped but not paid for on time was also reduced.

The development of payment credit was greatly promoted by the preferential terms made available to buyers.

First of all, it is well known that credit is made available to pay for payment documents of suppliers for commodity and physical assets and services when buyers lack the funds. The issuance of payment credit is not conditioned by any specific obligations on the part of buyers as regards adopting urgent measures to eliminate the causes which led to lack of funds to pay the suppliers.

Secondly, the period established for paying off payment credit is quite long--60 days. In some sectors of the industry it exceeds the actual turnover rate period of all working capital. Thus during the first half of 1981, the turnover rate of all working capital totaled 30 days in the baking industry, 31 days in the meat and dairy industry, 55 days in the confectionery industry,

60 days in the textile industry, 62 days in the alcoholic beverage industry, 71 days in the knitwear industry and 72 days in the sewing industry. Only in the sugar and brewing industries, because of the strongly pronounced seasonal nature of production, the turnover rate of all working capital was considerably higher (from 95 to 153 days). At the same time, a selective survey of practices in granting payment credit, which was conducted in July 1981 by 20 Gosbank institutions (with the aid of a large group of economic organs of various sectors), indicated that the turnover rate of payment credit up to 60 days totaled an average of 12 days, including 9 days in light and food industry enterprises and 20 days in meat and dairy industry enterprises.

When payment credits is used continuously over 60 days its turnover rate was an average of 26 days with 24 percent of it being recovered through overdue loan accounts. In the light and food industries credit of payments with continuous length of indebtedness of more than 60 days had a turnover rate of 23 to 31 days. Thus, as evident from the cited data, the 60-day period for using payment credit already contains the possibility of using it for paying lengthy financial shortfalls of economic organs.

Thirdly, the preferential terms should also include the fact that payment credit is granted independently from the state of a buyer's payments on bank loans if the latter has not been completely or partially removed from crediting, including the granting of payment credit.

It is well known that removal from crediting is an extreme measure of economic sanction. But it is not always expedient to use this measure. Moreover, deprivation of the right to use payment credit, first of all, is a "strike" against the supplier and to lesser degree against the real culprit--the buyer. In connection with the aforementioned factors, Gosbank institutions restrain themselves for various reasons from removing an economic organ from crediting and continue granting credit of payments even when it is involved in protracted financial difficulties.

The sanction of granting payment credit under a guarantee of a higher organ of economic management has not been broadly developed. Higher organs do not always have spare funds and refuse to give guarantees. However, even when a bank does obtain a guarantee it cannot be used in all cases to clear off debts on credit of payments. For example, when the turnover rate of working capital of an economic organ is up to 60 days, the latter, even while systematically drawing large sums of payment credit to cover financial shortfalls, can ensure its break of continuity for a short period of time during the 60-day utilization period and will not have indebtedness in this connection on loans over 60 days with payment of increased interest.

As regards increasing up to 10 percent the rate for using payment credit during continuous indebtedness to the bank for more than 60 days, this measure, as was proven through experience, does not have a proper influence on economic organs. The interest collected by a bank on loans, including the increased interest is paid by them from the total amount of profits and not from the portion that remains directly at the disposal of an economic organ.

Taking the broad development of payment credit into consideration, in 1980 and 1981 the republic office with participation of Gosbank institutions had thoroughly examined the results of introducing credit of payments in economic practice and the influence of the new order of granting it on accelerating settlement between suppliers and buyers and fulfillment of plans for the volume of sold production as well as on the condition of and use of working capital.

The study of payment credit effectiveness together with positive factors, such as acceleration of payments, increased level in fulfillment of the sales plan and profits, improved condition of working capital and payment discipline, also indicated its insufficient influence on economic organs adopting measures to ensure the safety of their own working capital and its correct utilization.

At present many economic organs use payment credit to cover protracted financial shortfalls caused by loss of a part of their own working capital and diversion of existing working capital to debts, above-norm balances of commodity and physical assets not credited by a bank, expenses for capital repairs and construction, overexpenditure of special funds and assets of specific financing and other purposes. In this connection the indebtedness on credit of payments for a period of more than 60 days occupies a considerable relative share in the overall indebtedness for credit of payments, which can be clearly seen in the data on 1 October 1981:

<u>Economic organs under the jurisdiction of</u>	<u>Indebtedness on payment credit, continuous use, thousands of rubles</u>		<u>Share of credit used over 60 days to overall indebtedness on payment credit, percent</u>
	<u>up to 60 days</u>	<u>over 60 days</u>	
Ministry of Light Industry	6,336	10,259	62.0
Ministry of Food Industry	6,365	3,357	35.0
Ministry of Meat and Dairy Industry	3,502	4,644	56.8

A selective survey on 1 July 1981 established that direct reasons for need of payment credit by economic organs were as follows:

	(percent to total)			
	Economic Organs Under Jurisdiction of			All surveyed economic organs, including under other ministries
	Ministry of Light Industry	Ministry of Food Industry	Ministry of Meat and Dairy Industry	
<u>State of working capital</u>				
Shortage of own working capital	1.5	29.7	22.0	23.4
Above-norm balance of commodity and physical assets not credited by a bank	31.1	23.1	4.2	22.9
Debts	47.1	35.4	9.8	29.8
Undercrediting of shipped goods	9.0	1.3	0.3	3.4
Overexpenditure of special funds and assets of special financing	6.3	5.8	43.5	3.6
Other	<u>5.0</u>	<u>4.7</u>	<u>20.2</u>	<u>16.9</u>
Total	100.0	100.0	100.0	100.0

To increase effectiveness of payment credit and improve financial condition of economic organs, the republic office together with Gosbank institutions conducted a number of measures during the past year.

Workers of the republic office of Gosbank with broad participation of workers of Gosbank institutions have conducted seminars in all oblast offices on questions of crediting individual sectors of the national economy at which verified shortcomings in the practice of granting and paying off credit of payments were examined.

For the same purpose, auditing and crediting staffs of Gosbank offices have increased control over justification and correctness in granting and paying off credit of payments.

It must be noted that substantial shortcomings were established in some cases through verification on the spot. For example, the Zaulbinskoye branch of Gosbank in East Kazakhstan Oblast was granting payment credit to economic organs it served when they had spare funds in their current accounts. The unwarranted actions of this branch led to unnecessary granting of payment credit to economic organs, slowing down its turnover rate and lowering credit's influencing role in the formation and effective use of working capital.

Some Gosbank institutions were granting payment credit to economic organs when they had the right to obtain planned loans (both unlimited and limited) and free limits of crediting. Thus in 1981, the city administration of the Taldy-Kurgan Oblast Office of Gosbank systematically failed to transfer the bread combine's surplus funds in the special loans account up to R66,000 and

satisfied its needs for funds by granting payment credit, whose continuous length exceeded 60 days.

Facts have been established that some Gosbank institutions have failed to exercise control over the periods of payment credit use. As a result, in the presence of continuous indebtedness of over 60 days a separate loan account for granting payment credit to economic organs and levying increased interest rates was not opened on time and credit was granted with a 5 percent annual levy. No control was exercised over the periods of use of payment credit by the city administration of the Kzyl-Orda Oblast Office of Gosbank for the meat combine, by the city administration of the Tselinograd Oblast Office for the dairy plant and by others. The aforementioned Gosbank institutions, in allowing violation of existing provisions on required levying of increased rate of interest for credit when it is continuously used more than 60 days, have failed to use economic sanctions by imposing increased interest on economic organs which have used payment credit to cover constant financial shortfalls.

Individual Gosbank institutions have failed to clear off limited debts on credit of payments in the presence of spare funds in the current accounts of economic organs. Thus, for example, the city administration of the Dzhezkazgan Oblast Office of Gosbank failed to clear off debts on payment credit with the period of use of more than 60 days of the knitwear factory in 6 cases for R677,000 in October 1981 and in 5 cases for R988,000 in November 1981. In this connection, through the fault of the city administration, the knitwear factory used excessive credit and its turnover rate was slowed down.

Often payment credit was unwarrantedly used to cover above-norm balances of commodity and physical assets not credited by a bank, which were not granted planned credits either through the fault of economic organs (due to poor composition of credit applications and tardy presentation to a bank of information, balances, plans for movement of commodity and physical assets and expenditures as well as credit agreements) or as a result of insufficient work on the part of Gosbank institutions serving them on drawing these assets into economic circulation.

Thus, the Petrapavlovskiy brewery used payment credit to cover above-plan stocks of physical assets for a period of 1.5 years. The brewery obtained credit from the city administration of the North Kazakhstan Oblast Office of Gosbank, which levied an increased rate of interest. Last year, the brewery's average balance of debt on credit of payments totaled R383,000 or 26 percent of the overall amount of credit investments. The brewery's accumulation of above-plan stocks of physical assets of up to R376,000 was caused by poor regulation of planning and lack of coordination of actual fulfillment of production and supply plans. For these reasons the brewery reached agreements for supply of R2.17 million worth of raw materials and supplies in 1981 but actually received R1,929,000 worth and spent only R1,329,000 worth on production. In its turn the city administration failed to adopt measures to raise effectiveness in the use of payment credit granted to the brewery and did not make timely investigation of reasons for its accumulation of above-plan assets.

Raw materials for confectionery factories came in single large shipments. This irregularity in the movement of physical assets was often not reflected in credit applications submitted by factories due to insufficient information on the delivery time of imported raw materials. In this connection confectionery factories as well as enterprises of other sectors of industry experienced additional need for credit during the quarter for production stocks, which was not always satisfied on time due to lack of free limits and consequently the additional need for funds was often covered by granting payment credit.

It must be noted, however, that so far not all economic organs and Gosbank institutions have been making timely applications in such situations to higher administration organs on establishing additional free and intraquarterly limits of planned loans for lawful objects of crediting but, as indicated, have been covering the need of economic organs for financial resources with payment credit over a protracted period. This was done by the Kustanayskaya Confectionery Factory and the Zavodskoye branch of Gosbank in Kustanay City. In September 1981, the factory received a large shipment of raw materials. In this connection it needed additional limits for raw materials--intraquarterly limit of R1,131,000 and free limit of R1,206,000 by 1 October 1981. Neither the factory nor the Zavodskoye branch of Gosbank requested these limits. The raw materials were paid for by payment credit. Because the raw materials were to be processed over a period of several months and the planned loans for their balance were not granted by the bank, the factory had a debt of up to R2,337,000 on 60-day payment credit during the September-October period and paid 5 percent annual interest to the bank, and from November 1981 to January 1982 it had a debt of R1.02 million with the use period of more than 60 days.

Some bank workers do not attach significance to the "manageability" of individual kinds of credit and in this connection fail to take into consideration that credit of payments, which was timely redesigned to credits for commodity and physical assets and production expenditures, receives concrete material support and acquires the nature of a more manageable credit. This must be constantly borne in mind because credit of payments according to the methods now being in force, even though it belongs to credits and has material support, is directly linked to ensuring only payments for assets and services. Subsequently this link is lost. The survey conducted in 1981 indicated that payment credit was ensured by commodity and physical assets and production expenditures as well as by commodities shipped for immediate payment by only 26.3 percent, including for enterprises of the Ministry of Light Industry by 40.1 percent, of the Ministry of Food Industry by 24.4 percent and of the Ministry of Meat and Dairy Industry by only 4.5 percent.

Moreover, audits and verifications also established that Gosbank institutions do not exert sufficient influence through corresponding measures of economic sanction on raising the effectiveness of payment credit. This is why there are still instances of economic organs using payment credit to cover protracted financial shortfalls. Thus in 1981 the Ust-Kamenogorskoye Rassvet Sewing Association had a shortage of own working capital of up to R1.36 million, above-plan stocks of commodity and physical assets of up to R955,000 and debts of up to R643,000. With such a situation as regards the availability and utilization of working capital the sewing association had a constant need for additional funds. The Zaulbinskoye branch of Gosbank in East Kazakhstan Oblast

satisfied this need for a long period of time by granting credit of payments in an unhindered way, including from July 1981 to February 1982 and levied an increased rate of interest. The indebtedness for payment credit by the end of last year reached R4,047,000. Despite the fact that the sewing association failed to adopt effective measures to regulate its financial situation and payment discipline, the Zaulbinskoye branch of Gosbank continued to extend all credits to it in a general order and only in February 1982 converted to a special system of crediting and stopped providing payment credit at the request of higher Gosbank institutions.

It must be noted that in individual cases Gosbank institutions make a wrong approach in selecting measures of economic sanction. Specifically, discontinuing crediting of above-norm paid balances of production stocks with simultaneous continuing in granting credit of payments to pay for these assets instead of intensifying influence on economic organs through the crediting mechanism lead to additional granting of large amounts of payment credit, which is unavoidably used by economic organs to cover financial shortfalls. Thus the Leninskoye branch of Gosbank in Alma-Ata converted the brewing and nonalcoholic beverage industry production association to a special crediting system and discontinued loans for production stocks for failure to fulfill basic production and financial indexes of its plan and shortage of its own working capital, which did not bring the anticipated effect. Moreover, the association with above-plan stocks of commodity and physical assets valued at R1.2 million (including R808,000 worth of production stocks) did not experience financial difficulties because over a 5-month period, following conversion to a special crediting system, the bank extended it payment credit in an unhindered manner and the debt on it has reached R2,172,000.

In noting existing shortcomings in granting and clearing off payment credit, it must be stressed that they do not minimize the great work being systematically conducted by Gosbank institutions in raising the effectiveness in the use of this credit by economic organs.

The timely and correct application of measures of economic sanction by banks prompts economic organs and their higher organs of administration to adopt additional measures aimed at fulfilling production and financial plans and improving financial situation and payment discipline.

The Oktyabrskoye branch of Gosbank in Alma-Ata, which in June 1981 converted the Dzhetyysu Footwear Production Association to a special crediting system and discontinued payment credit for failure to fulfill basic and financial indexes of the plan, has acted correctly. This forced the Dzhetyysu association and the Kazkozhobuv'prom to accelerate adoption of additional measures aimed at radical improvement of work, financial situation and payment discipline. In October the association was reinstated to the general order of crediting.

On the proposal of the republic office of Gosbank, active work is being conducted in raising the effectiveness in the use of payment credit by ministries and industrial associations.

Thus in 1981 the Gosbank office jointly with the Ministry of Light Industry, the Ministry of Food Industry and the Ministry of Meat and Dairy Industry prepared and sent instructions to all industrial and production associations, enterprises and organizations in which together with positive factors the negative sides in the use of credit of payments are described in detail and requested that measures be adopted to improve the use of working capital. These documents list rates of interest levied by the bank on individual sectors and types of credit. Moreover, attention of economic organs is drawn to existing considerable differences in rates of interest on payment credit and other types of credit.

Explanation is given that the use of payment credit instead of planned loans for commodity and physical assets and production expenditures worsens certain indexes in the use of working capital and particularly influences the increase of above-norm balances of commodity and physical assets not credited by the bank (because according to methods of their determination, the debt on planned loans and loans for temporary needs are taken into account whereas the debt on credit of payments is not). At the same time, based on the single survey conducted in 1981, the payment credit covered 22.9 percent of above-norm balances of commodity and physical assets not credited by the bank in the surveyed group of economic organs, including more than 31 percent in the light industry. The existence of above-norm balances of commodity and physical assets not credited by the bank lowers the profitability index of an economic organ in relation to basic and working funds.

Moreover, economic organs, in using payment credit instead of planned loans, in addition to expenditures due to the difference in interest also bear additional expenditures in the form of payments for funds, particularly of above-norm ones, which were not credited by the bank, balances of commodity and physical assets and expenditures.

Attention was also drawn to the fact that payment of above-plan interest on bank loans and payments for funds reduce the balance of profits directed at establishing economic stimulation funds and other purposes. In some cases shortage of profits also leads to a shortage of own working capital.

The economic measures adopted by economic organs and Gosbank institutions last year have yielded positive results, the debt on credit of payments was considerably reduced:

(thousands of rubles)

<u>Ministry</u>	<u>On 1 January 1981</u>	<u>On 1 January 1982</u>
Ministry of Light Industry	17,598	14,013
Ministry of Food Industry	16,731	8,459
Ministry of Meat and Dairy Industry	8,292	7,917

At the same time, we believe, it is necessary to raise the influence of payment credit on the preservation and specific use of working capital.

During 1980 and 1981, Gosbank institutions made many proposals in this direction. We believe that the time has come, taking into account the sectorial peculiarities of management, formation and use of working capital as well as sources for covering them, to change conditions for granting and clearing off credit of payments.

We believe, for example, that the proposal to discontinue automatic conversion from granting payment credit and levying 5 percent interest following its continuous use during a 60-day period to granting credit and levying 10 percent interest deserves attention.

For the purpose of prompting economic organs to adopt measures aimed at enlisting internal resources and improving their financial condition and on this basis raising effectiveness of payment credit, it would be expedient to send an official bank notification to an economic organ 5 days ahead of expiration of the 60-day continuous use of payment credit and a proposal to work out concrete measures aimed at improving the financial condition with indication of the period of fulfillment. The enumeration of the latter must be presented to the bank for solving the question of possible continuation of payment credit with levying of 10-percent annual interest. Without presentation of measures or their lack of concreteness (unreality) the bank may discontinue payment credit.

The official requirement by the bank to work out such measures as an indispensable condition for granting payment credit would prompt supervisors of economic organs to examine more thoroughly their opportunities and adopt measures aimed at putting their financial condition in order.

Subsequently, after receiving the balance each month, the bank together with the economic organ must within a 5-day period analyze the reasons for the requirement of payment credit and check fulfillment by the economic organ of measures aimed at improving its financial condition and clearing off payment credit.

In some sectors of industry, particularly in the light, food and some other industries the need for payment credit is often caused by the irregular receipt of creditable planned commodity and physical asset loans due to lack of free crediting limits. During a quarter there are sometimes no free limits in the oblast and even republic offices of Gosbank. In this connection a proposal has been made that payment for assets credited in planned order be made in such cases from ordinary loan accounts with subsequent introduction into limit during regular control (verification of insurance) of indebtedness. In this way the credit will have concrete insurance and its repayment period will not be conventional (60 days) but determined by the movement plan of credited commodity and physical assets.

For the purpose of raising the responsibility of economic organs and their higher organs for the financial condition and payment discipline it would also be expedient to implement the following proposal. When there is an indebtedness on payment credit of more than 60-day duration all current

receipts, after satisfying claims for wages and payments to budget, should be used directly to pay off this indebtedness, bypassing the current account. In that case, first of all, an uninterrupted payment to suppliers will be insured and, secondly, buyers will have to concern themselves with insuring transfer of profits to higher organs, the working capital and making other payments, including clearing off overdue debts on loans or just as it should be when there are financial shortfalls caused by loss of working capital and its diversion to purposes not envisaged in the plan.

We believe that it is also necessary when crediting is discontinued for individual types of loans that granting of payment credit be simultaneously discontinued on the same assets.

Introduction of these proposals in economic practice will make it possible, we believe, to raise effectiveness in the use of payment credit.

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CONSUMPTION TRENDS AND POLICIES

PROFIT DISTRIBUTION IN LIGHT AND FOOD INDUSTRIES DISCUSSED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 9, Sep 82 pp 66-72

[Article by R. Rayevskiy, head of administration of the USSR Ministry of Finance, "The Normative Distribution of Profits in Branches of the Light and Food Industry" under the heading "The Perfecting of the Economic Mechanism"]

[Text] Financial methods of influencing production play an important role in perfecting the economic mechanism. The direction of financial means toward material incentives, expansion and technological retooling, reconstruction of working enterprises and construction of new ones and other expenditures projected in the plan is dependent on the results of economic activity.

At all stages of the building of socialism, forms of financial organization are brought into conformance with the economy's administrative structure, the principles and methods of planning and stimulating production and the necessity of mobilizing resources for the implementation of planned measures. The most fundamental changes affected financial affairs after the September (1965) plenum of the CPSU Central Committee. They concerned the profit distribution system and payments from profits into the budget. For the purpose of active utilization of this important lever of socialist management, it was necessary, within the planning system, to adjust the situation in monetary accumulation by means of the 1967 wholesale price reform. Whereas, on the eve of the reform, the proportion of profit in the accumulation of financial means was 44.4% and the turnover tax 46.4, in 1980 they were 49.5 and 40.2% respectively. The proportion of profit left at the disposal of the enterprises rose from 30 to 40% and was stabilized at this level in subsequent years.

The proportions taken on by profit distribution reflect objectively the economy's needs for centralized resource redistribution in order to improve the territorial, branch and intrabranh structure of the economy. The perfecting of the system of payments from profits into the budget made possible the consolidation of a normative principle for resource utilization as well as the stimulation of production. However, the incentive significance of payments for production funds gradually began to decrease. Rather often, there was criticism of the fact that a significant part of profits remained free (34% of total profits and 57.6% of payments

from profits into the budget according to the account for 1980), which diminishes the influence of fixed payments and payment for funds. Thus a question arose concerning the necessity of clarifying the very principles of profit distribution and financial planning as a whole in relation to the growing significance of long-term and current plans in resolving long-term problems.

At the present stage of the economic system the role of financial indicators is being consolidated. Among those being reinforced are profit, lowered self-costs of production, payments into the budget and appropriations from the budget as well as changes in the system and the conditions of the formation and utilization of economic incentive funds as a function of the growth of production efficiency. The financial aspect of the economic mechanism in a more general form is reflected in the normative system of profit distribution, to which, according to their readiness, ministries, industrial and other combines and enterprises are being transferred in the 11th Five-Year Plan in conformance with the resolution of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Reinforcing the Influence of the Economic Mechanism in Increasing the Efficiency of Production and Improving the Quality of Work." Along with this we are pursuing the goal of consolidating their accountability for the results of financial and economic activity and deepening their concern for the more efficient use of material and financial resources.

The experience of the Ministry of Instrument Making, Automation Equipment and Control Systems and other ministries, chiefly those concerned with machine-building, has made it possible to clarify the following, quite important aspects: First, it is projected that normatives for profits that remain in the economy (with a ministry, combine or enterprise) will unconditionally be assigned to the combines and enterprises. In the ministries that were transferred previously to normative profit distribution, this requirement was met with insufficient consistency. Second, there have been substantial changes in the system of payments into the budget. Under the new conditions, the category of payment for funds (economy measures or payments in excess of plan) directly affects the amount of financial resources remaining at the economic organization's disposal. In the case of fulfillment of plans for production and profit volume with less funds than projected in the plan, contributions in the form of payments into the budget are reduced by the summation of savings with regard to payment for funds, whereas payment for noncredited reserves of material assets and of equipment not installed, insofar as these are in excess of plan, is made at the expense of the profit that remains at the economic organization's disposal. Third, one very important aspect is the modification of the free portion left from profit in excess of plan. In place of fixed directions stipulated in detail, at the enterprises that have not been transferred to the new working conditions, half the profit in excess of plan up to 3% remains with the economic organization, while in the case of overfulfillment of plan above this level this is up to 25%. Thus, the normative principle is being introduced in the distribution of profit in excess of plan as well. Thus, the contradiction is overcome that the magnitude of

the share of profit in excess of plan that remained with the economic organization depended less on fulfillment of planned goals than on the planned ratio of returns and expenditures, the situation being that the less the organization's returns exceeded expenditures in the plan, the greater the share of profit in excess of plan that remained with it.

The ministries of the light and food industry have carried out serious preparatory work for the transfer to new conditions of planning.

The specific character of these branches' work brought into being certain features of financial organization and that of economic accountability, which in principle are related to the calculation system for agricultural raw materials and influence the formation of their financial indicators and their relations with the budget. Accounting requirements with regard to production conditions in various rayons, given zonal variance in purchase prices, and the system in force to stimulate overfulfillment of the plan for agricultural products procurement predetermined the effort to solve the problem by way of a combination of financial and pricing measures that were applied to distribute and redistribute accumulations. If one and the same raw material were paid for at different prices, then there would be no possibilities of assuring stable costs for product output or operational conditions characterized by economic accountability. For this reason, in order to calculate production costs, prices were computed with the difference between the latter and purchase prices covered from the budget. For some types of product, profitability is regulated by sales prices: wholesale prices are set higher than retail. The creation of a level of profitability for the light and food industry, then, is based to a considerable extent upon calculation of accumulations redistribution among branches in the financial/budgetary planning process.

Despite drawbacks consisting in the fact that prime costs and other production costs do not fully reflect socially necessary expenses, the system in force nevertheless allows the suppliers of agricultural raw material and manufacturers or processors of finished products to utilize more fully their opportunities for economic accountability. Under the conditions created in the majority of branches of the light and food industry, characterized as they are by a relatively low level of planned expenditures for production development, the relation of income to outlays favors the introduction of normative profit distribution. Income calculated in the financial plan exceeds by 35-60% the expenditures for development in the respective branches. In the Ministry of Tractor and Agricultural Machine Building, the Ministry of Heavy and Transport Machine Building and the Ministry of Power Machine Building, the transfer to operational methods of economic accountability was carried out with the retention of a substantial proportion (from 30 to 70%) of budgetary assignments for financed capital investments and financing of other planned expenditures. The light and food industry is enabled to secure the principle of self-financing.

Nevertheless, it must be kept in mind that financial indicators, and especially profit, in the branches of the light and food industry always depend heavily on the quantity and quality of agricultural raw material. Because of this it is particularly important to implement a combination of projects in preparation for the transfer to the normative system of profit distribution.

In the course of such preparation the ministries ought to carry out a number of measures in the areas of administration, planning, finance, capital investment and labor management. On the whole they may be characterized as higher-quality operations with regard to the planning, material/technical and financial support for production, the consolidation of all sections of the plan and assuring that incentives and approval depend on a genuine contribution to overall results.

The ministries of the light and food industry with their complicated, highly ramified structure, comprise branches and sub-branches that differ substantially as far as the technology and organization of production are concerned, as well as regarding the formation of interbranch ties. The number of enterprises subordinated to them makes up about 30% of the total number of enterprises in the industry, making preparatory work relatively difficult. Another prerequisite for adjustment of the economic mechanism and formulation of proposals that take into account the features of the branches is a sophisticated examination of the propositions of the new system for profit distribution in the light and food branches of industry.

The structural components of the administrative departments of these industrial branches are combines and enterprises subordinated to the Union or the republics and in addition, as components of the food industry, departments subordinated to the local soviets. Given the overall indicators for the state plan for economic and social development, maintained by the ministries as an entirety, the financial plans of combines and enterprises are reviewed in the respective Union and republic organs. Owing to this circumstance, the ministries and departments of the branch can be transferred to the normative profit distribution method in a consistent way, insofar as they are prepared. The norms for profit that remains with the republic ministries and departments are coordinated with Gosplan and the republic ministry of finance and are confirmed by the appropriate USSR ministry.

At the moment of the transfer to the new operational conditions, the Five-Year Plan indicators had not been implemented for the economic organizations and, moreover, the Five-Year Plan was about to be recalculated in terms of new wholesale prices and tariffs. This, finally, made it necessary that norms for profit remaining with the economic organization be consistently reconfirmed. A confirmed norm was in force only for the first year after the transfer to the new operational conditions. A resolution to implement them in a graduated manner according to the degree of preparation by the ministries, departments and combines of the Union republics, considered individually, made possible balancing and interconnecting plans for production and the material/technical supply of economic organizations.

The EgSSR Ministry of the Food Industry, the ministries of the meat and dairy industries of the UzSSR, AzSSR and EsSSR as well as eight combines of the meat and dairy industries of the UkSSR, KaSSR, GeSSR, LiSSR, MoSSR and ArSSR began in 1981 to apply the normative system for profit distribution. As we see, the system has up to now been most widely disseminated in the meat and dairy industry; taken together, 96 combines and enterprises, or 12% of the total number, are included.

A calculation of the norm for profit remaining at the disposal of ministries of the food-producing branches of industry that have been transferred to operational economic accountability since January 1, 1981 is given in Table 1.

In the food as well as the meat and dairy industries, in contrast to the majority of other branches that are being transferred to new conditions, norms were introduced in the very first year of operations directly to the primary production link--the combines and enterprises. With the exception of the UzSSR Ministry of the Meat and Dairy Industry (which was transferred to decentralized accounting in 1982), accounting for payments to the budget was decentralized. As data on the results of financial and economic activity in 1981 confirm, preparatory work required for the improved balance and validity of plans facilitated the successful operations of the majority of ministries, combines and enterprises that were transferred. They fulfilled their assigned plans for output and sales of products, for profits and for payments to the budget, whereas many of the corresponding ministries of other Union republics did not fulfill their plans. The degree of discipline with respect to plans shown by directly subordinated combines was increased, as shown in Table 2.

Of the family of meat and dairy industry combines of the Union republics that operated under conditions of normative profit distribution in 1981, one did not complete its assignment--the Vilnyus meat combine. As a whole, this bears witness to increased accountability, not only to the fact of plan fulfillment, but also to the quality thereof, i.e., the distribution of planned assignments among the enterprises within a given jurisdiction and the economic and technical soundness of the organizations.

Under the new conditions, a superior organization ought to envision the consequences of unsound planning decisions from the point of view of the future financial situation of the enterprise within its jurisdiction. Preparatory work with respect to balance of production plans and those for material/technical and raw materials supply has proved necessary. In the EsSSR, where the plan for purchase of animal-husbandry production was not fulfilled, there was a 900,000 R shortfall with respect to the profit plan of the Ministry of the Meat and Dairy Industry and there was a certain rise in the number of enterprises that did not meet their planned goals, in comparison with the previous year. The results of the year's operations show a deficiency of about two million R in working financial means. For this reason, it was judged inexpedient to continue the experiment at the Chernovtsy production combine of the UkSSR Ministry of the Meat and Dairy Industry.

Table 1. (in thousand R)

		(1)	(2)				(3)	(4)	
		Данные расчетного баланса доходов и расходов					Норматив прибыли, оставшейся в хозяйстве	Прибыль, оставшаяся в хозяйстве, включая искомую в особом порядке	Платежи в бюджет
		(5) Прибыль	(8)	(9)	(10)				
(11)	Министерство	(6) всего	(7) используемая в особом порядке	Другие доходы и поступления средств	Затраты, предусмотренные планом	Ассигнования из бюджета			
(12)	Минпищепром Эстонской ССР	33 741	97	10 774	18 715	-	23,6	7 941	25 800
(13)	Минмясомолпром Узбекской ССР	44 587	175	12 737	27 556	-	33,4	14 994	29 593
(14)	Минмясомолпром Азербайджанской ССР	31 135	1 064	8 200	16 881	662	26,7	9 088	22 052
(15)	Минмясомолпром Эстонской ССР	68 071	1 190	15 774	31 558	-	23,6	16 974	51 097

Key:

1. Figures for accounting balance of income and expenditures
2. Norm for profit remaining in the economy
3. Profit remaining in the economy including use in own operations
4. Payments into budget
5. Profit
6. Total
7. Used in own operations
8. Other income and revenue
9. Expenses projected in plan
10. Appropriation from budget
11. Ministry
12. EsSSR Ministry of the Food Industry
13. UzSSR Ministry of the Meat and Dairy Industry
14. AzSSR Ministry of the Meat and Dairy Industry
15. EsSSR Ministry of the Meat and Dairy Industry

Table 2.

Таблица 2

(7) Министерство	(1) Выполнение плана прибыли		(2) Предприятия, не выполнившие плана прибыли			
			1980		1981	
	1980	1981	(3) их количество, ед.	(4) удельный вес в общем количестве предприятий, %	(5) их количество, ед.	(6) удельный вес в общем количестве предприятий, %
(8) Минпищепром Эстонской ССР	105,8	102,0	1	5,2	1	5,2
(9) Минмясомолпром Узбекской ССР	103,3	108,4	4	12,1	-	-
(10) Минмясомолпром Азербайджанской ССР	103,3	108,0	5	13,9	1	2,8
(11) Минмясомолпром Эстонской ССР	98,2	98,8	4	19,0	6	28,6

Key:

1. Fulfillment of plan for profit (%)
2. Enterprises not fulfilling plan for profit
3. No. of enterprises (units)
4. Proportion of total enterprises
5. No. of enterprises (units)
6. Proportion of total enterprises
7. Ministry
8. EsSSR Ministry of the Food Industry
9. UzSSR Ministry of the Meat and Dairy Industry
10. AzSSR Ministry of the Meat and Dairy Industry
11. EsSSR Ministry of the Meat and Dairy Industry

The problem of assuring stability to plans subject to external factors is made more urgent by the new system for distribution of profit and payments to the budget. Clearly, heightened responsibility for the achievement of financial indicators presupposes, first, precise differentiation of factors that depend on the economy's operations from those that do not; second, strengthening the sanctions upon neighboring branches, i.e., full compensation for losses caused by nonfulfillment of economic agreements and obligations; third, perfecting the reserve system at all levels of economic administration.

It also appears that it will be necessary in the future, not for the individual combines and enterprises to be transferred to the normative system of profit distribution, but rather for republic ministries and departments, so that it would thus be possible to coordinate the plans of the entire economic system along with neighboring branches as well as the combines and enterprises. With the transfer of individual combines and enterprises to the new system, it becomes possible to create favorable operational conditions.

The first year of work by the new system presented a number of questions connected with the future perfecting of the normative distribution of profit and the expansion of its application. For the ministries of the food-producing branches of industry that have been transferred to such conditions, a relatively low norm for profit remaining in the economy is typical. This fact, in and of itself, gives no indication of the limitation of the enterprises' rights to make use of their own revenue. Planned expenses are provided for in full measure by the financing sources. But when the plan for profit is not fulfilled, financial difficulties and a deficiency of own working means arise from the obligation to pay a guaranteed sum to the budget, which in individual cases reaches 90% of the profit. Thus, the "Bakmoloko" combine of the AzSSR Ministry of the Meat and Dairy Industry, with a profit plan of 2.6 million R, actually received 1.6 million R, making 1.3 million R payments to the budget from profits. The deficiency of own working financial means was 1.6 million R over the norm, i.e., was double the norm (in terms of the previously valid system for profit distribution, the deficiency of own working financial means was able to amount to about 0.5 million R). It must be remembered here that nonfulfillment of the profit plan was connected to a change of raw material made, not by the enterprise itself, but by organizations that distributed funds to it. The combine, then, owing to circumstances not of its own creation, was in a difficult financial position, began to have trouble settling with suppliers and, understandably, experienced the ill effects of this on the process of goal fulfillment not only in the year under review, but also in the following one to the very time that its financial situation was regulated (which, according to the system for annual financial reports being established, was not before the second quarter).

Of course, the ministry can alleviate the position of one of the enterprises by redistributing the means of those that have fulfilled their plan for profit and assigned for its disposal a corresponding part of the above-norm profits.

In the AzSSR Ministry of the Meat and Dairy Industry, the remaining enterprises (exclusive of "Bakmoloko") received beyond-plan profits amounting to 3.5 million R, with 1.2 million R earmarked to remain at their disposal. However, it would scarcely be just to direct supplemental means of enterprises that overfulfill their plans to cover gaps in the financial operations of others. This violates the principles of economic interest in increasing operational efficiency, the very principles for the sake of which the new system of profit distribution was carried out, with the normatives being applied to the enterprises directly.

Today it is not permitted to rely fully on the reserves of a superior organization. In the branches of the light and food industry, based on the special character of their operations, the norm as a percentage of total profits has been set somewhat higher than in other branches of the economy and the reserve is not always even sufficient for uses designated by the economic organization itself--appropriation to repay loans.

In our opinion, it would be justified for the norm, in case the profit plan were not fulfilled, to be applied to the actual amount of profit less the planned sum of payment for funds. The latter condition is necessary to maintain the stimulative activity of the new mechanism of payment for funds. Realization of this proposal would not cause real budgetary losses. For one thing it is in accordance with most enterprises' practices for settling with the budget and for another, as experience has shown, new norms for distribution of beyond-plan profit are more stringent in many cases than those in effect at enterprises which have not yet been transferred to the new operational conditions.

It is thought that, apart from deciding from what sources financial aid should come to the enterprises, it is also necessary to perfect the system of reserves for compensation for losses owing to the lowering of cost-related plan indicators. In all branches of industry, at present, reserves from profit may be created in the amount of 2% for each ministry of the established plan of profit. Regulation of the amount of reserve does not take into account the specific nature of individual branches, the number of enterprises under its jurisdiction or the administrative structure that presupposes its dispersal by administrative levels. The amount of the reserve is not always adequate to support adjustment of the plan in the course of its fulfillment. Besides, the reserve to cover a deficiency in profit ought to be tied to reserves of production volume, the reduction of prime costs, the wage fund and the like, the interrelationship of which differs by branch. From this standpoint, clearly, it would be justified to base the creation of a profit reserve, not on a standardized norm for all branches, but rather on annual accounting results for reserves, within limits subject to change with respect to other interrelated plan indicators. This would allow better calculation of the branch's status for the respective year.

The initial experience with this process has shown that the problem of utilizing the profit that remains at the enterprise's disposal is not resolved. Thus, in the UzSSR Ministry of the Meat and Milk Industry, the profit plan for 1981 showed 108.4% overall fulfillment. Beyond the plan, 3.8 million R was received, of which 1.3 million R was counted as overfulfillment of the plan by 3% and 2.4 million R was counted as overfulfillment beyond this limit. In the EsSSR Ministry of the Food Industry the profit plan was fulfilled by 102.4% and 791,000 R was received beyond the plan, of which 755,000 R was within the 3% overfulfillment limit. However, given the currently valid limitation, whereby only certain consolidated sources may be drawn on to finance individual expenses, profit in excess of plan is sometimes nondisposable. The problem becomes even more difficult with the transfer to new operational conditions of light-industry enterprises, many of which receive large increments for the output of products characterized by superior quality and of an assortment with the index "N." For example, every fifth enterprise of those investigated within the Moscow Main Administration of the Garment Industry had accumulated virtually all its beyond-plan profit from price increments.

At the beginning of the 1960's, up to the transfer of enterprises to new economic conditions, half of beyond-plan profit, after a number of payments, was going into the ministry's reserves. But if this system were reintroduced, financial means representing additions to the enterprise's income would again be at the disposal of the higher-ranking organization. Moreover, at present the plan affords a basis for forming such a reserve according to the norm for profit in a given year, whereas it could in fact be formed previously only by means of a deduction from beyond-plan profit. In our opinion it is preferable to show free financial means, those not tied to a fixed fund, in the enterprise's balance as means designated for a purpose, serving to compensate for possible losses that may, for example, be caused by increased expenses for raw materials or by other similar factors that entail a failure to fulfill the profit plan for which the enterprise is not at fault, in subsequent periods. Of course, there should be limits to the utilization of financial means that are economically sound. They must not be accumulated infinitely. It is also necessary to clarify how the enterprise is to dispose of the other remaining uncommitted part of its profit in excess of plan so as to enumerate those expenses which uncommitted profit may be used to defray, preventing deflection of material resources from the accomplishment of planned tasks. In branches of the light and food industry, it was possible to divert part of these means to increasing the share of the norm for own working capital used to cover stocks of commodity values. At present the share of the latter in these branches is less than 40% overall. Even a small shortfall from the profit plan, given a low norm, leads to unliquidated balances (in this case banking institutions virtually cut off credit from the economic organization).

In connection with the gradual transfer to new operational conditions that stands before the light and food industry, it is an obligatory cautionary measure to

regulate the norms affecting the economic organization's own working means; this deserves special attention. First of all, it is necessary that the organization be in a sound financial position at the moment of transfer and second, the new aspects of collecting payment for funds demand that the grounding of such payment in the plan be regularized.

Since 1968, there have been made available to the light and food-industry enterprises credits for the building up to the norm of the enterprise's own working means, on the average amounting to approximately 35% of the norm. In our opinion, it is expedient and possible to regularize the norms of the light and food industry at the expense of a one-time increase in these credits. The norms may be regularized only by changing the credit-investment structure without increasing investments, inasmuch as the majority of stocks of commodity values are presently maintained by credits for reserves above the norm.

As noted above, in the food-producing branches of industry, the norm for profit remaining in the economy was applied in the very first year of work to the combines and enterprises, which had a positive effect on the way in which planned objectives were assigned and accomplished. However, analysis of the financial plans shows that when the norm is developed at the ministry level and subsequently established in the combines and enterprises, considerable and sometimes irrational redistribution of resources almost inevitably results. We see the negative effect of the practice that has grown up in redistributing financial resources in that, frequently, higher amounts of apyment to the budget are assigned to enterprises characterized by unstable operations, while lower amounts are assigned to those whose operations are stable and which at the same time experience withdrawals from their profit. Sometimes the redistribution of profit even brings the awarding of credit for expansion and reconstruction to a halt. This practice violates the principles of credit, grounded in economic accountability as well as lowering responsibility for the soundness of long-term decisions, for putting units into operation at the proper time and for the exploitation of such capacities as are introduced. In our opinion, the requirement of establishing the norm in the combines and enterprises makes it necessary to develop it on site, accounting for plan indicators and the circumstances of the individual plan. Full control over the soundness of resource redistribution must be maintained to assure its strict conformance to the planned requirements of the economic organization. This presumes that the norm is lent added precision once it has been developed at the ministry level.

The normative profit distribution system, which on the whole presented more stringent demands for fulfillment of planned profit goals, complicates the problem of organizing ties of economic accountability between the enterprises and branches/neighbors. It is obligatory that all concerned apply the sanctions system in case economic agreements are violated and losses of accumulations are suffered by product users.

Closely connected with this is the question of settlement for raw materials and products with accounting for their quality. The industry has accumulated years of favorable experience with settling for grapes according to their sugar content.

In the flax-producing industry, incentives are regulated by output of a product with a high content of flax fiber, and for surpassing the average branch figure of the past five years for purchases. Since 1981, there has been a transfer of the cotton-cleaning industry to payment for raw cotton by sort. Since 1982 the sugar industry has been paying for procurements of sugar beet according to sugar content. When a distinct dependence of the price of raw material on the quality becomes about, conditions will be created for consolidation of an inter-relationship between production and financial indicators and for greater stability of accumulations in the light and food industry. This is one of the premises of the expansion of the normative system of profit distribution and will make it possible to increase the accountability of raw-material suppliers.

It is evident that we must continue to study the operational experience of ministries, departments, combines and enterprises that have been transferred to the normative system of profit distribution along with its perfection. It appears that separate elements of the normative method of profit distribution, as long as their establishment does not require carrying out a whole series of preparatory measures, may be disseminated among enterprises that have not yet gone over to the new operational conditions. Thus, the new system for establishing the dependence of profit remaining in the economy on economy measures or excess payments for funds can be fully incorporated into the system in force for the distribution of profits. It will be a significant step in giving greater incentive to the effectiveness of the system of profit distribution for economic efficiency.

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CONSUMPTION TRENDS AND POLICIES

VARIETY, IMPROVEMENT IN QUALITY OF CONSUMER GOODS CALLED FOR

Moscow **PLANOVOYE KHOZYAYSTVO** in Russian No 9, Sep 82 pp 16-24

[Article "Ways of Increasing Production, Expanding Variety and Improving Quality of Consumer Goods" under the heading "The 11th Five-Year Plan: Experience and Problems". Names printed in boldface have been placed between slantlines.]

[Text] These problems formed the discussion topic at an All-Union seminar in July 1982 in Sverdlovsk. The participants discussed the work of party organizations and labor collectives on increasing production, expanding variety and improving quality of consumer goods.

Invitations to the seminar went to secretaries and chiefs of departments of the CPSU Central Committees of the Union republics, the secretaries of party kraykoms, obkoms, gorkoms and raykoms, enterprise party committees and also responsible workers of the CPSU Central Committee, USSR Council of Ministers, AUCCTU, Komsomol, USSR Gosplan and Union republic Gosplans as well as ministers and deputy ministers from a number of USSR and RSFSR ministries and departments and managers of enterprises and combines.

Experiences were shared by the secretaries of the Central Committees of the Communist Party of the Ukraine, Belorussia, Uzbekistan and Latvia as well as secretaries of the Moscow, Leningrad, Ivanovo and Rostov CPSU obkoms and of a number of party gorkoms, directors and secretaries of industrial combine and enterprise party committees as well as some chiefs of ministries and departments. The following gave speeches at the seminar: F. I. Mochalin, chief of the CPSU Central Committee Light and Food Industry Department; B. N. El'tsin, first secretary of the Sverdlovsk party obkom and L. A. Borisov, secretary of the Moscow CPSU gorkom. The concluding word on the results of the seminar's work was spoken by B. I. Gostev, chief of the CPSU Central Committee Planning and Finance Organs Department.

Increasing production, expanding variety and improving quality in consumer goods is one of the central problems of the party's economic policy. Its solution is directly connected to implementing the broad social program set forth by the 26th CPSU Congress. Today this is a primary component of the activity of party and economic organizations and of all labor collectives. Attention was given it in the speech of /F. I. Mochalin/, chief of the CPSU Central Committee Light and Food Industry Department.

In the country's economy there is consistent adherence to the line set forth at the 26th CPSU Congress of a steady rise of the workers' standard of living. Major measures of the national government are being carried out to raise wages and pensions and to expand aid to families with children and to working mothers. There is an uninterrupted increase in the population's income and in its consumption of material goods and services. With the increase in material well-being, there has been growth of culture, both accompanied by a steep rise in demand for goods, a change in the structure of demand and demand for higher quality products.

In conformance with the Five-Year Plan of economic and social development for 1981-1985, an accelerated rate of growth was projected for group B industrial products. Crucial tasks have been assigned to all branches with a part in the production of consumer goods. The production volume in light industry will increase by 19%. There will be a somewhat greater increase than in the previous five-year period in the output of woven goods, shoes and knitted goods. High goals have been set for the branches of heavy industry, in which over half of all nonfood products are manufactured, for the output of goods designated for cultural purposes and those of daily needs and household maintenance. The variety of goods is being expanded and their quality improving.

In the 1-1/2 years of the 11th Five-Year Plan, the output of consumer goods in industry increased by 9 billion rubles. There were considerably increased sales and improved supply to the population of many goods, especially items designated for cultural purposes and daily use.

At the same time, the niveau of work in a number of ministries, departments and republics as well as party departments has not fulfilled as yet the mandate of the 26th CPSU Congress in the area of expanding production of goods for the population. The 1981 plans, then, for individual types of important products (woven goods, shoes, sewn and knitted articles and some goods designated for cultural purposes and daily use) were not fulfilled. There was no success in overcoming lags in plan fulfillment in the first half of the current year, either. The population's demand for goods still outstrips production of them.

The CPSU Central Committees of the republics and the kray, oblast, city and rayon committees of the party as well as the ministries and departments ought to orientate themselves to taking the necessary measures within a short time to deal with the situation that has developed. It is important that the attitude one encounters here and there, that producing goods is second-rank, be entirely eliminated.

And the first thing that must be done is to assure that ministries and departments as well as combines and enterprises unconditionally accomplish plan goals for the output of consumer goods and to overcome the lag tolerated at the beginning of the Five-Year Plan and therewith to improve consumer supply. All available resources must be mobilized for this. But they are found everywhere and are abundant--in both light industry and branches of heavy industry and in all the republics and oblasts.

Heavy industry enterprises can do much toward the supplemental output of goods for the population. They are already making a significant contribution. The USSR Ministry of the Electrical Equipment Industry is energetically expanding its production, as are the USSR Ministry of the Machine Tool and Tool Building Industry and the USSR Ministry of the Construction Materials Industry. On the other hand, by no means all the enterprises of a number of branches of heavy industry are exploiting available opportunities to increase their production. For example, in the Ministry of Tractor and Agricultural Machine Building, the Ministry of Power Machine Building, the Ministry of Heavy and Transport Machine Building, the USSR Ministry of Nonferrous Metallurgy and the Ministry of Chemical and Petroleum Machine Building, the output of goods designated for cultural purposes and daily use comprises only 1-3% of the total volume of production. Quite a few enterprises with a good industrial base and competence in design limit themselves to producing the simplest articles, although they are able to phase in the manufacture of more complex articles needed by the population.

The improvement of the quality of goods and the expansion of variety remain a very severe problem. It is entirely in conformance with economic laws that, as the population's standard of living rises and the market is saturated, the demand will shift in the direction of higher-quality products. However, no basic changes have as yet been achieved here. The proportion of articles with the quality mark in the overwhelming majority of goods produced for the population remains low.

The quality of consumer goods largely depends on the basic raw material. Thus, a rise in quality assumes improved quality of cotton, hides, chemical fibers, dyes and the like. As has been shown by controls of the USSR Council of Ministers' State Committee on Standards, the output of low-quality products is often connected with infringements of technical discipline or the utilization of obsolete technology and inadequately trained cadres.

The speaker pointed out that low product quality means not only a waste of labor and material resources but also moral losses.

One of the main resources for increasing the production of consumer goods is the economical and rational use of raw material and production materials. Unfortunately, there still exist quite a few cases of uneconomical utilization of

these in their most expensive forms. A number of enterprises in the textile industry, then, are uneconomical with raw and manufactured products.

One present-day problem is reducing the expense for natural-fiber textiles, vegetable oil and other raw materials for production purposes when these could be replaced by synthetic materials without detriment. Initial positive results have been achieved here, but most of the work remains to be done.

The organs of the party, soviets, and plan ought to give constant attention to the problem of how to utilize local raw material and secondary resources. For this reason, resolutions have been adopted with this purpose and the necessary conditions have been established for the greater utilization of available resources in the production of a variety of goods, above all the simplest assortment as determined directly in the localities.

Producing a greater variety of consumer goods is related to the improvement of construction. The volume of construction and installation with the goal of developing the branches of light industry and the food industry constitutes a relatively small share of the total volume of these industrial activities. Yet plan fulfillment is at a noticeably lower level in construction for the cited branches than overall in the economy. The construction of units, however necessary to the economy, quite often lags behind by many years and significantly exceeds the normative completion dates.

The importance of activities of the Soviets of Peoples' Deputies, it was pointed out, is growing considerably in relation to the accomplishment of the tasks of increasing the production of various consumer goods and improving the supply of these to the population. They have now been granted the right to approve composite plans for consumer goods production and permitted to use for local needs up to 50% of the output of products in excess of the Plan; the results of enterprises' activities has been brought into a closer relationship to the local budget.

The resolution of the CPSU Central Committee, the USSR Presidium of the Supreme Soviet and the USSR Council of Ministers, adopted last year, on enhancing the Soviets of Peoples' Deputies' role in economic development expanded their rights and opportunities to influence decisively all the enterprises located within their sphere of activity. Many soviets began to attend more closely to the output of consumer goods by the enterprises. The Moscow Soviet and those of the Moscow, Sverdlovsk, Rostov, Dnepropetrovsk, Novosibirsk, Saratov and Kamchatka oblasts and others have done well in this.

The speeches of the seminar participants as well as information about experience with the work of party organizations in the localities have shown that this recommendation is being successfully implemented on the whole; the initiative of the Communists of Moscow and Sverdlovsk has been taken up widely.

/Ya. P. Pogrebnyak/, secretary of the CPSU Central Committee of the Ukraine, explained in his speech a system that has been set up in the republic for working to increase production, expand variety and improve the quality of consumer goods. In all the industrial enterprises of the UkSSR, research groups have been created to work out proposals on the production of mass-demand goods. These proposals are studied and summarized in the city and oblast planning commissions and presented to the republic Gosplan. Gosplan, Gossnab and the ministries and departments procure raw and basic materials for production of goods that are in short supply. Now there are additional goals for the year for the republic enterprises of all branches independent of the department to which they are subordinated. In 1981, then, goods were produced in excess of the plan by 220 million R. This work is being coordinated by the republic Presidium of the Council of Ministers commission on problems of group B branches and trade. It is made up of directors of ministries and employees of enterprises and planning departments.

In the speech, it was stressed that there must be the farthest-reaching improvement possible in the system of economic involvement of the local Soviets of People's Deputies and of the enterprise collectives in production growth of consumer goods. It is expedient for USSR Gosplan and the USSR Ministry of Finance to review problems with channeling into the revenues of local budgets 20% rather than the present 10% of additional profit from implementation of production of state quality-mark and index N goods and questions of assigning to the local budgets 10% of the profit from output of consumer goods in excess of the plan.

/I. G. Anisimkin/, secretary of the CPSU Central Committee of Uzbekistan, described the work of the republic's party organization in increasing the output of consumer goods through the rational utilization of labor resources. In connection with the rapid growth of Uzbekistan's population, especially in rural areas, and with the availability of part of the agricultural labor force through the introduction of complex mechanization into agricultural production, the republic's CPSU Central Committee is working energetically to develop and relocate productive capacities in small cities, settlements, rayon centers and rural rayons. The establishment of a network of subsidiaries of enterprises in the light, food and local industries has made it possible to channel tens of thousands of farm dwellers into socially beneficial labor.

In his speech, /E. Ya. Aushkap/, secretary of the CPSU Central Committee of Latvia, spoke on the problems inherent in improving labor resource utilization. In the republic much attention is given to purposeful channeling into consumer goods production of retirees receiving pensions, housewives and disabled persons. One-third of pension recipients who are able to work and two-thirds of group 3 disabled persons are now participating in wage-earning activities. Specialized factories or sections of enterprises have been established in Latvia to better utilize their labor; here they undergo training or obtain the necessary tools and raw materials. In 1981 those working at home manufactured goods amounting to

more than 20 million R or 10% of the total volume of production in local industry. Attention was given to the fact that problems in the specialization of light-industry enterprises in the regional context (the Baltic republics and the BSSR) had to be solved.

/A. P. Dumachev, secretary of the Leningrad CPSU obkom, shared the interesting experience of creating industrial combines in the textile, food, meat and dairy, local and other branches of industry that produce consumer goods. Thanks to concentrated production and the inclusion in the composition of many combines of scientific/research, construction/design and machine building bases, within a very short time here, new forms of goods have been designed and introduced and the volume of work on the technological retooling of production as well as in mechanization and automation has risen steeply. On the other hand, in the majority of designs of new and reconstructed factories, automation has been considered only in individual operations or technological lines. The problem of phasing out manual labor is being solved but slowly. All this necessitates acknowledging how responsible design organizations and departmental experts are accountable for the low niveau of decisions in design and technology.

USSR Minister of Light Industry /N. N. Tarasov/ spoke on methods of developing the branch in the 11th Five-Year Plan. Improvement of the quality of goods and expanding and modernizing the variety of items represent one of the most important tasks for workers in light industry. It is proposed that, by the end of the Five-Year Plan, the production of state quality-mark goods be increased to 32-34% of the recommended output volume. In almost every enterprise, a complex system has been introduced for controlling the quality of products and a complex standardization process is being implemented for the most important product groups. However, disregarding the absolute growth in output of high-quality products, it has not yet been possible to achieve a steep rise in the production of articles for increased demand. It was noted that the production of new types of goods at the agreed prices is not going well. It was stressed as necessary to accelerate the introduction into use of the freight transport administration and its completion.

/S. E. Sarukhanov/, USSR deputy minister of trade, spoke on the activity of trade organizations toward implementing the resolutions of the CPSU Central Committee and the USSR Council of Ministers concerning the growth of production of immediately necessary goods and those characterized by mass demand. The local party and soviet departments actively support these efforts. The speaker pointed out the fact that a number of ministries allow groundless correction processes with regard to consumer goods production plans and eliminate or curtail the manufacture of some types of product without the consent of the USSR Ministry of Trade. Since spare parts for heavy motorcycles are unavailable commercially, then, in rural areas alone 300,000 motorcycles, which are generally used by machine-operators, stand idle. The irregular commercial distribution of cameras, movie cameras and accessories for them largely prevents the population from using photographic equipment. It is necessary to inspect and improve the packaging of paint, nails, glass and other items for household maintenance.

The experience of party organizations with labor collectives in light industry was shared by /I. M. Cherepanov/, secretary of the Moscow CPSU obkom. The light industry of the oblast works according to complex Five-Year Plans for economic and social development, to which the obkom ascribes great importance. For a concrete effect upon the implementation of the plans, special staffs have been set up for the city and rayon party committees and an oblast staff has been created for the party obkom. As a result, at present, every enterprise of the branch has been reconstructed and every third enterprise has undergone complex mechanization, besides which many social problems have been resolved.

The speech given by /N. D. Pivovarova/, secretary of the Rostov CPSU obkom, was devoted to the activity of the oblast party organization in raising the output of consumer goods in heavy-industry enterprises. The party obkom, proceeding on the basis of the opinion of managers in the economy, engineers and economic services as well as front-rank workers, has set the goal for the 11th Five-Year Plan of doubling the output of consumer goods in group A industrial enterprises. The CPSU obkom supported the initiative undertaken by the collectives of a group of heavy-industry enterprises which began a competition with the slogan "For one ruble of wages, produce at least one ruble's worth of consumer goods." This indicator is considered a fundamental one when the balance of socialist competition is drawn.

/V. P. Anishchev/, first secretary of the Voronezh CPSU gorkom, pointed out in his speech the problems of assurance from the party-policy standpoint of increasing the output and improving the quality of goods, problems which are assigned to an independent section in the present long-term plans for the work of the city's party organizations.

The problems inherent in assuring a complex approach to increasing the production of goods for cultural purposes or daily and household use were illuminated in the report by /G. V. Aleshina/, first secretary of the Novosibirsk party gorkom.

/V. Ya. Tararykin/, secretary of the Ivanov CPSU obkom, spoke on the work of the oblast party organization in the reconstruction and technological retooling of textile-industry enterprises. In resolving problems in the renewal of production, party organizations make use of a large repertoire of various forms and methods directed at reconstruction objectives. In particular, the practice was introduced of holding combined meetings under party auspices of design and construction organizations and the like and of carrying on three-way conferences among them on the topic of creative collaboration.

/V. P. Yunitskiy/, deputy chairman of the USSR State Committee on Standards, addressed the problems of raising the quality of consumer goods. The introduction in the country's enterprises of a complex system of product quality control, with the active support of local party and soviet departments, had had a considerable influence on the improvement of product quality.

With great interest, the seminar participants learned of the experience of the party organization at the "Uralsmashzavod" factory, as explained by /V. K. Vozhgov/, secretary of the party committee. He noted that, during a seminar in Sverdlovsk, specialists from the enterprise had visited expositions and exchanged ideas with participants. The party committee and the managers of the factory adopted a resolution to increase the production of consumer goods not to 1.7 times the previous amount, as had been planned before, but to 1.8 times the previous amount, or by 1 million R.

On the other hand, there was made the self-critical observation by those speaking at the seminar that the resolutions of the 26th CPSU Congress and the May (1982) plenum of the CPSU Central Committee on raising production, improving quality and enhancing quality of consumer goods was not being completely implemented.

The production of certain products is not up to the plan, the setting in motion of new capacities is lagging behind and idling time of equipment and losses of man-hours continue to occur. Considerable reserves for the production of consumer goods remain unused in the enterprises of heavy branches of industry. The quality of many products, like the raw material for their manufacture, is being insufficiently improved.

The seminar participants made recommendations to a number of ministries, departments and councils of ministers of the republics on questions of how to further implement planning, carry out the material-technical supply and increase the economic stake of workers in collectives in raising the production, expanding the variety and improving the quality of consumer goods.

/B. I. Gostev/, chief of the Planning and Finance Organs Department of the CPSU Central Committee, in delivering the closing address, noted that the seminar had taken place in an actively creative atmosphere and had aroused great interest. In these days, each person present had learned much that was useful and instructive from the experience of oblast party organizations in developing consumer goods production. But this was a problem of tremendous political and economic significance that was directly related to the population's living standard. Concern for the nation's welfare had been and remained the highest goal of the party's policy and all its practical activity.

General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet /L. I. Brezhnev/ emphasized that the expansion of consumer goods production and the improvement of their quality is now of first-rank importance in the party's efforts to raise the nation's standard of living. Such a course was set forth in the resolutions of the 26th CPSU Congress, reflected in the goals of the Five-Year Plan and made concrete in the resolutions adopted by the CPSU Central Committee and USSR Council of Ministers on increasing the production of mass-demand goods and those of primary necessity. As a

consequence, it is now the most important and the most difficult step in the practical implementation of the measures formulated by the party for accelerated production of consumer goods. Success will above all depend on the niveau of party organizational work and the ability to mobilize all resources and opportunities for the completion of the tasks ahead. As the seminar has shown, the party organizations at all levels, are directing major efforts at increasing the production, expanding the variety and improving the quality of goods for the population.

In the previous one and one-half years of the new Five-Year Plan, some things have been accomplished: the output of goods has grown and a number of measures to raise the nation's standard of living has been carried out. But, on the other hand, the population's demand for products, and first and foremost those of high quality, has by no means been met. The output of group B industrial production increased in 1981 by 3.6%, but rose in the first half year, by comparison with the corresponding period of the previous year, by 2.8%. This is lower than the increase projected by the plan and is behind the growth rate of the population's monetary income.

The party organizations were called upon to reinforce organizational work, especially in sections related to the control and inspection of execution. It is necessary to intensify discipline and responsibility and to achieve precise, absolute fulfillment of plan goals in all enterprises--not only where total volume is concerned, but with respect also to the quality and variety of products, in conformance with the agreements concluded with trade organizations. Party control over the production of consumer goods ought to be implemented systematically and effectively on all levels and lead to the adoption of effective measures to eliminate defects and help those who are lagging behind. The key to all of this lies in the improvement of the selection, placement and training of cadres and their mastery of the party's manner of work with its intolerance to all forms of self-satisfaction. The party organizations are called upon to help each labor collective find its place in the effort to increase the output of consumer goods, to develop and perfect socialist competition and to mobilize both communists and non-party members in the achieving of the goals before us. Creative initiative, the socialist enterprising spirit and the ability to utilize local opportunities and resources are important elements of consumer goods production, as of every other field of endeavor.

The CPSU Central Committee, because it attached primary importance to the generalization and exploitation of front-line experience, a year ago approved the initiative of the party organizations of Sverdlovsk oblast and the city of Moscow, considering it useful to organize a seminar for the exchange of experience with party organizational work and that of labor collectives to increase the production, expand the variety and improve the quality of consumer goods. At the seminar, a detailed exchange of opinion took place concerning types and methods of party work and the activity of labor collectives. It touched on a wide range of questions and problems. The basic conclusion was that the thrust

of the seminar's work carried out fully the instructions of L. I. Brezhnev to the effect that "the production of goods for the population and the development of service spheres are the party's primary cause."*

The novelty of the initiative of those in Moscow and Sverdlovsk lies in the fact that the party committees of the Moscow and Sverdlovsk oblasts, with involvement of a large group from the production collectives and from scientific-research, design and other organizations, worked out complex programs for the production of consumer goods for the Five-Year Plan and a longer period. The overwhelming majority of industrial enterprises and combines was involved in the realization of the outlined measures, among them branches of heavy industry which had previously participated only little in solving this most important of economic problems. Primary concern was directed at improving the quality of goods and the introduction of new types of goods, including those that presented complicated technical problems, in order to significantly diversify the output of products for which there was increased demand and to satisfy the growing consumption needs of the population.

The implementation of the outlined programs is basically assured through the reconstruction and specialization of enterprises and shops, the introduction of progressive technological processes and the intensification of production in every way, which facilitates the resolution with greater speed and lower costs of the task set by the party--to accelerate the development of group B industry. The increase in the output of consumer goods ought to be assured primarily through the more rational utilization of fuel, power and raw-material resources, local raw materials and industrial by-products.

The party organization of the city of Moscow is organizing purposeful and concrete work to increase the output of consumer goods. In the 10th Five-Year Plan goods designated for cultural purposes and for daily and household use were produced in the amount of more than 200 million R in the city. In the city's industry during the present Five-Year Plan, the achieving of the entire growth in volume of consumer goods produced is planned only through an increase in labor productivity. Concrete measures are projected, as is the concentration of effort on the production of higher quality-category goods and the output of new articles. In the Moscow and Sverdlovsk oblasts, the production of consumer goods is precisely planned and coordinated and constantly monitored by party organizations.

Nevertheless, however well the prime movers of the initiative may have worked, it is its massive introduction that is decisive for the success of the effort. For this reason, the CPSU Central Committee recommended in the adopted resolution to the Communist Party Central Committees of the republics, to the kraykoms and obkoms of the party and to the councils of ministers of the Union and autonomous

* "Materialy XXVI S"yezda KPSS" [Materials on the 26th CPSU Congress], Moscow, Politizdat, 1981, p 49.

republics, the krayispolkoms and oblispolkoms and the ministries and departments that this valuable initiative be disseminated throughout the country's republics and rayons and socialist competition be developed within labor collectives to increase production, expand the variety and improve the quality of consumer goods.

Unfortunately, there are some cases where this order is reversed. Precise programs of action for the entire Five-Year Plan have not yet been worked out for each rayon, city and even oblast and many enterprises do not make their obligatory contribution to the growth of production of consumer goods.

The party slogan "The economy ought to be economical" applies in full force to the output of consumer goods. The economical side of the question ought to be considered in expanding their production, in other words, production costs ought always be made commensurate with achieved results. It is important to organize the output of products on a high technical level, setting production volumes that assure optimal machinery loads, rational utilization of raw and semifinished materials, the systematic lowering of production costs and a regular level of profitability. Without this, it is impossible to create a reliable financial basis for the expansion of production and a rise in the population's standard of living.

Many important and interesting problems were raised in the speeches. Their essence was that party organizations have accumulated diverse and, most importantly, practical experience in consumer goods production. Questions concerning the increased output and expanded variety of consumer goods are discussed at plenums and in offices of party committees, at the meetings of party activists, sessions of the Soviets of People's Deputies and in party and workers' gatherings and are widely dispersed by the media of mass propaganda.

As a rule, organizational work in consumer goods production is coordinated and directed by the organizational committees, technological/economic councils or specialized commissions created within party or soviet organs. They prepare suggestions and recommendations to higher-level organizations, hear the reports of labor collectives at their own sessions, as well as those of cities and oblasts, summarize and disseminate the accumulated experience and give concrete help in deciding problems that arise.

Now the task is to select the best from it and introduce it into practice in the economy in a progressive and active spirit. The study and wide dissemination of progressive experience is a duty and obligation of party committees at all levels.

We must be led daily by the instructions of V. I. Lenin that one must be persistent in acquiring the ability to use the best models so as to make them into examples that are obligatory to all.

Organizational, economic and ideological measures appropriate to this direction ought to be worked out. To learn how to disseminate progressive experience in

increasing the output of consumer goods, one must also estimate the effectiveness of the seminar and the maturity of party, soviet and economics cadres.

B. I. Gostev noted that work is now being completed on the plan projected for 1983. The subject of consumer goods production, in all its depth and complexity, ought to be one of the bases for preparation of the plan for the forthcoming year beginning with the plans projected for enterprises, combines, rayons, oblasts and republics. Present difficulties with raw materials, other production materials and the composition of cadres are more important to some and less so to others, but the goal is to search for and find ways of better overcoming them.

The completion of this year's plan for production and capital construction and the potential that we bring to the new year of the economy will determine in significant measure the plan indicators for 1983.

It was emphasized that the seminar has taken place in illustrious days. The Soviet people is preparing to observe worthily, with new feats of labor, the glorious 60th Anniversary of the Union of Soviet Socialist Republics. Within a united economic complex in the country, many difficult socioeconomic problems in the development of Soviet society are being successfully resolved, including that of meeting more completely the demands of the country as a whole and each republic in particular for varied and high-quality products of the food industry and others. It is necessary to more fully utilize the powerful rise of the Soviet people's labor and political activity as evoked by the party's new plans and which mobilizes the force of socialist competition in the Union in honor of the 65th Anniversary of the Great October Revolution and the 60th Anniversary of the Soviet Union.

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